

Charity Assets Trust

Positive absolute returns with low volatility for charities

During May, the fund price rose by 0.7%. This compared with a rise of 4.4% in the FTSE All-Share Index and a rise of 0.5% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

The political cycle continued to dominate sentiment during May, although relief that Monsieur Macron had defeated the populist momentum of Madame Le Pen was in line with the pollster's predictions and thus largely priced into markets. With the absence of another 'shock' election outcome, however, global equities were able to drift back to the record highs seen late last year. Meanwhile, on the domestic front, a number of unforced errors in the Tory election campaign have left Mrs May's seemingly unassailable position more vulnerable. The widely assumed increase in the government's working majority has been called into question, albeit by a minority of polls, although this has been enough for sterling to give back some of its recent gains. With the pound continuing to attract considerable short interest, we remain of the view that this is an inappropriate juncture to open significant overseas currency positions and increase risk against the base currency of the fund, should this short position rapidly unwind.

It has been notable that, behind the rhetoric of the UK election campaign, we are witnessing a fair measure of what might be described as Keynesian drift. In just two years since the Cameron/Miliband campaign, the balanced budget mantra has evolved to one whereby the can gets kicked further down the road by all political parties. With the Conservatives now looking to a balanced budget target of 2025-2026, it is difficult to overlook the point that this exceeds the target set for a prospective Labour administration under Mr Miliband. Under whatever colour of stewardship, the evidence of increasing government intervention in the UK economy replicates similar pressures we are witnessing across the world. We continue to think that the fiscal imperative will not be without inflationary consequences, and that the fund's index-linked bonds will provide a crucial buffer in our goal of preserving our investors' capital at a dangerously poised stage of the economic and political cycles.

These uncertainties did little to encourage us to make significant adjustments to the fund during May. Nonetheless, we continue to seek out growth opportunities where, despite the new peaks being hit by stock market indices, selected company valuations appear anomalous. These range from a US-based drug distribution business to a global cement producer. The former business appears undervalued and out of favour with investors but should provide resilient earnings growth in an uncertain economic growth environment. The latter is poised to benefit should the political talk of stimulus translate into a meaningful pickup in global infrastructure spending.



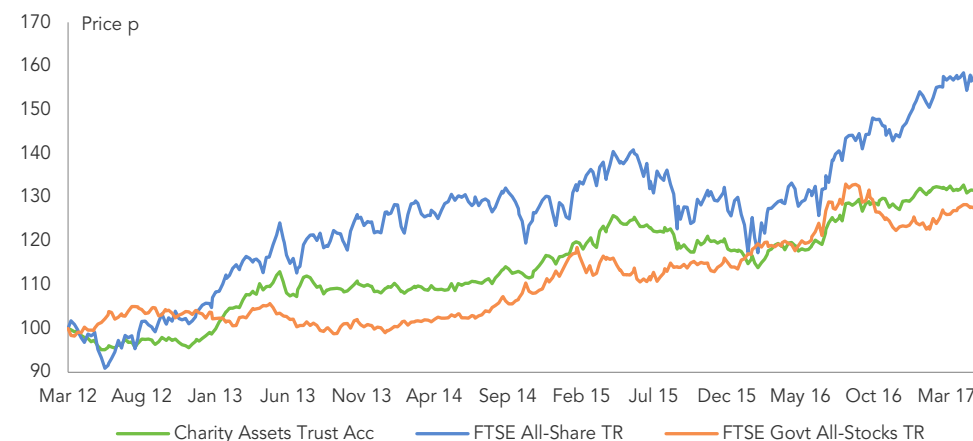
Investment objective

The fund aims to achieve low volatility and positive returns from an actively managed portfolio of different asset classes, including equities, bonds and currencies. Pervading this objective is a fundamental philosophy of capital preservation.

Ethical policy

The fund has an ethical screening policy which restricts investment in alcohol, armaments, gambling, pornography and tobacco.

Performance since launch on 8 March 2012



Performance %	May 2017	Year to date	1 year	3 years	5 years	10 years
Accumulation units	0.7	1.8	11.7	20.4	38.1	na
Percentage growth		%				
31 Mar 2016 – 31 Mar 2017		10.5				
31 Mar 2015 – 31 Mar 2016		-2.5				
31 Mar 2014 – 31 Mar 2015		11.6				
31 Mar 2013 – 31 Mar 2014		1.1				
31 Mar 2012 – 31 Mar 2013		9.3				

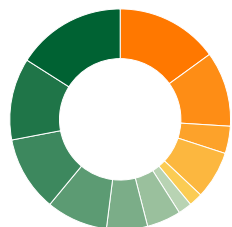
Source: Ruffer LLP, FTSE International (FTSE)†

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

Please note that the Charity Assets Trust is an unregulated collective investment scheme (UCIS) available only to eligible charities as defined overleaf.

Charity Assets Trust as at 31 May 2017

Asset allocation



Asset allocation

Asset allocation	%
● Index-linked gilts	16
● Non-UK index-linked	12
● Long-dated index-linked gilts	11
● Short-dated bonds	9
● Cash	6
● Gold and gold equities	5
● Illiquid strategies	2
● Japan equities	15
● UK equities	11
● Europe equities	4
● North America equities	7
● Asia ex-Japan equities	2

Currency allocation

Currency allocation	%
● Sterling	83
● Yen	5
● Gold	5
● US dollar	2
● Euro	1
● Other	4

Currency allocation



10 largest of 64 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.0
Dai-ichi Life Insurance	1.9
Sony	1.6
ORIX	1.4
Kinross Gold	1.4
Mizuho Financial	1.3
Statoil Asa	1.1
McKesson	1.0
Mitsubishi UFJ Financial	1.0
Nomura Real Estate	1.0

5 largest of 14 bond holdings

Stock	% of fund
UK Treasury Bill 0% 2017	8.5
UK Treasury index-linked 0.5% 2050	6.4
US TIPS 1.125% 2021	5.3
UK Treasury index-linked 0.125% 2024	4.5
UK Treasury index-linked 1.875% 2022	4.2

*Excludes holdings in pooled funds
Source: Ruffer LLP

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Fund size £83.4m

Fund information

	%
Ongoing Charges Figure	1.19
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.4
Minimum investment	£500
Ex dividend dates	15 January, 15 April, 15 July, 15 October
Pay dates	15 March, 15 June, 15 September, 15 December

Dealing Weekly forward, every Wednesday

Cut off Close of business on Wednesday

Unit classes Accumulation and income

ISIN	Accumulation	Income
GB00B740TC99	GB00B7F77M57	
SEDOL	B740TC9	B7F77M5

Manager and investment adviser Ruffer AIFM Limited

Trustee BNY Mellon Fund & Depository (UK) Limited

Custodian Bank of New York Mellon SA/NV

Administrator Bank of New York Mellon (International) Limited

Auditors Ernst & Young UK LLP

Legal advisers Simmons & Simmons LLP

Structure Common Investment Fund established under section 24 of The Charities Act 1993

Eligible charities are those registered as a charity with the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator and/or Inland Revenue Charities, Bootle, Merseyside (including charities established in Northern Ireland), or exempt from registration with the Charity Commission by virtue of the Charities Act 1993 (as amended).

Fund Manager

Christopher Querée
INVESTMENT DIRECTOR



Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and joined the Ruffer Group in 2004.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 May 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which charities represented £2.0bn.

Dealing line

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Enquiries

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