

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During August, the fund price rose by 1.2%. This compared with an appreciation of 1.4% in the FTSE All-Share Index and a modest increase of 1.9% in the FTSE Govt All-Stocks Index (both figures are total returns in sterling).

Amidst a seasonal low in transaction volumes, August saw a more cautious tone in financial markets with growing geo-political concerns and ongoing uncertainty as to the direction of central bank policy in western economies. The somewhat unlikely twin centres of attention were Jackson Hole, Wyoming, where the world's central bankers deliberated over global economic conditions, and Pyongyang, North Korea, where the increasingly aggressive actions of a despotic leader increased tensions to levels perhaps not seen since the Cuban missile crisis. In the event, those hoping for any immediate guidance in terms of policy action from Mrs Yellen and the Federal Reserve, or Mr Draghi at the European Central Bank, were left disappointed with the focus of the discussions seemingly on regulation and the defence of global free trade. Meanwhile, as the rhetoric between Kim Jong-Un and President Trump intensified, markets chose largely to resist the temptation to discount the 'mutual self-destruction' scenario despite the more aggressive use of 'missile testing' by North Korea. Historically, this emulates the similarly calm response demonstrated by stock markets during the Kennedy/Khrushchev two week Cuban crisis stand-off.

The main positive contributors were the fund's long-dated index-linked bonds and gold, both reflecting a somewhat more uncertain environment and flight to safety. With gold hitting a twelve-month high, the Trust's gold mining companies performed strongly to add 0.3% to performance with index-linked gilts adding over 1%, offset by some give-back in equities.

With the US now engaged in a tentative interest rate tightening cycle, questions remain as to the pace of future increases, with Mrs Yellen hinting that the case for an increase has risen, but equally stating that this will happen 'over time'. Meanwhile, investors continue to ponder the other big policy question, namely at what point the Federal Reserve will begin reducing the size of its balance sheet. Turning to Europe, the question of policy tightening is also very much on the agenda, although the resurgence of the euro, now at a two and a half year peak against the US dollar, remains something of a mixed blessing for Mr Draghi and the European Central Bank (ECB). The immediate impact of this euro strength has been to dampen rising inflationary impulses: eurozone inflation at a little over 1% remains below the ECB's 2% target.

While all eyes remain on central banks it would seem that the 'normalisation' of monetary policy or indeed its failure risks increasing pressure on governments to respond fiscally. Our index-linked bonds remain as the Trust's ballast against these ongoing tensions. This protective position, plus a smattering of gold, sits alongside a global equity exposure at around 40%, leaving the Trust appropriately positioned for a landscape characterised by both opportunity and uncertainty.



## 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 %	August 2017	Year to date	1 year	3 years	5 years	10 years
Accumulation units	1.2	1.3	2.6	16.4	36.3	na
Percentage growth		%				
30 Jun 2016 – 30 Jun 2017		6.9				<b>131.99</b>
30 Jun 2015 – 30 Jun 2016		-0.3				<b>118.56</b>
30 Jun 2014 – 30 Jun 2015		11.1				
30 Jun 2013 – 30 Jun 2014		1.7				
30 Jun 2012 – 30 Jun 2013		12.6				

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.

# Charity Assets Trust as at 31 August 2017

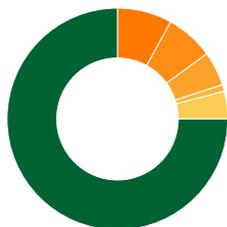
## Asset allocation



## Asset allocation

Asset Allocation	%
● Cash	17
● Index-linked gilts	16
● Long-dated index-linked gilts	11
● Non-UK index-linked	10
● Gold and gold equities	5
● Illiquid strategies	3
● Japan equities	15
● UK equities	10
● North America equities	7
● Europe equities	4
● Asia ex-Japan equities	2

## Currency allocation



## Currency allocation

Currency Allocation	%
● Sterling	75
● Yen	8
● US dollar	7
● Gold	5
● Euro	1
● Other	4

## 10 largest of 63 equity holdings\*

Stock	% of fund
Lloyds Banking Group	1.8
Dai-ichi Life Insurance	1.6
Sony	1.5
Tesco	1.5
Kinross Gold	1.3
ORIX	1.3
Mizuho Financial	1.1
Statoil ASA	1.1
Oracle	1.0
Toyota	0.9

## 5 largest of 13 bond holdings

Stock	% of fund
UK Treasury Bill 0% 2017	7.2
UK Treasury index-linked 0.5% 2050	6.2
US TIPS 1.125% 2021	5.1
UK Treasury index-linked 0.125% 2024	4.3
UK Treasury index-linked 1.875% 2022	4.1

\*Excludes holdings in pooled funds  
Source: Ruffer LLP

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## Fund size £97.0m

## Fund information

	%
Ongoing Charges Figure	1.19
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.2
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 GB00B740TC99	Income 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 August 2017, assets managed by the Ruffer Group exceeded £21.6bn, of which charities represented £2.0bn.

Dealing line 0344 892 0906

## Enquiries

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