

Charity Assets Trust

Positive absolute returns with low volatility for charities



During April the fund price increased by 1.5%. This compares with an appreciation of 6.4% in the FTSE All-Share Index and a decrease of 0.5% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Financial markets entered April notably holding their breath and despite posting gains over the month, the fragilities have not yet faded. Investors, perhaps weary of their former over exuberance, initially stayed on the sidelines, waiting for the geopolitical headwinds to subside. Fears over a trade war between the world's two largest economies began to wane as the tit-for-tat 'negotiations' took the form of a typical Trump tactic – more symbolic than material – and President Xi softened his response. However, this news, along with the possibility of peace on the Korean peninsula did little to interest markets. These 'real world' problems seemed to pale further into insignificance as earnings season began. However, consensus expectations had risen sharply in the wake of December's tax cuts and investors have so far overlooked encouraging results, rewarding instead undervalued sectors such as energy and financials to which we have built an exposure.

As 'real world' news took a back seat, investors did keep a close eye on the bond market, where the US ten year yield was creeping towards the supposedly formative 3% mark. Despite many defining this as the end of the bond bull market, 3% came and went. Instead, the opportunity for higher income was welcomed, with corporate bond funds enjoying inflows for the first time in three months. In our view, this search for yield continues to overshadow the long term headwind of tightening monetary policy in the face of deteriorating corporate creditworthiness and a growing global debt pile. Even a warning from the IMF on the strain this pile places on the resilience of the global economy has not encouraged policymakers, increasingly at the behest of their populous, to rein in public spending. Meanwhile, the inflation narrative continues to gain momentum, with loose monetary policy, tight labour markets and rising commodity prices all pointing to an environment that is harmful to real asset values. As such, we continue to hold the index-linked bonds, believing they are one of the few beneficiaries of the current trajectory of real yields.

In contrast, on this side of the pond comments from Mark Carney over softer economic data dampened expectations of the Bank of England's rate hiking path. Consensus opinion of the UK economy has grown ever more cynical, pinned down by Brexit uncertainty and unsettling first quarter GDP data. Despite this, the UK equity market motored on as a fall in sterling drove demand from foreign investors looking to benefit from the recent market underperformance – a discount we had already deemed unwarranted and as such had been adding to UK equities. There is also little doubt that the current unrelenting news flow of large corporate activity, helped spur on this performance. However, with an increasing proportion of these deals comprised of highly-valued stock rather than cash this is perhaps another signal of a maturing equity bull market. Meanwhile, however, investors seem to be neglecting the underlying upward pressures on real wages, which have the potential to reignite UK consumer confidence. As such, whilst we continue to look for opportunities that benefit from markets regaining their composure, we remain focused on the protective elements in the portfolio.

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

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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
Accumulation units	1.5	-0.8	0.9	6.9	21.1	na
Percentage growth		%				
31 Mar 2017 – 31 Mar 2018		-0.6				132.81
31 Mar 2016 – 31 Mar 2017		10.5				118.08
31 Mar 2015 – 31 Mar 2016		-2.5				
31 Mar 2014 – 31 Mar 2015		11.6				
31 Mar 2013 – 31 Mar 2014		1.1				

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 30 April 2018

Asset allocation



Asset allocation

	%
● Long-dated index-linked gilts	12
● Non-UK index-linked	10
● Index-linked gilts	6
● Short-dated bonds	5
● Cash	16
● Gold and gold equities	6
● Illiquid strategies	5

● Japan equities	16
● UK equities	12
● North America equities	7
● Europe equities	3
● Asia ex-Japan equities	2

Currency allocation

● Sterling	70
● US dollar	14
● Yen	6
● Gold	6
● Other	4

Currency allocation



10 largest of 61 equity holdings*

Stock	% of fund
Tesco	2.4
Mitsubishi UFJ Financial	2.1
Dai-ichi Life Insurance	2.1
iShares Physical Gold	2.0
ORIX	1.5
Sumitomo Mitsui Financial	1.5
Sony	1.3
Mizuho Financial	1.3
Kinross Gold	1.2
GlaxoSmithKline	1.2

5 largest of 12 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.1
US TIPS 1.125% 2021	4.9
UK Treasury index-linked 0.125% 2019	4.2
UK Treasury index-linked 0.375% 2062	2.6
UK Treasury index-linked 0% 2018	2.5

*Excludes holdings in pooled funds
Source: Ruffer LLP

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Fund size £94.3m

Fund information

Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.5
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

	Accumulation	Income
ISIN	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 30 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which charities represented over £2.1bn.

Dealing line

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