

Charity Assets Trust

Positive absolute returns with low volatility for charities

During July, the fund price rose by 0.8%. This compared with an appreciation of 1.3% in the FTSE All-Share Index and a fall of 0.4% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Several global equity markets entered July yet to produce any meaningful returns for the year to date. Much of this is due to the ongoing Sino-American trade row dampening investor risk appetite, as the sharpening rhetoric over punitive tariffs has been compounded by the added threat of a Chinese currency devaluation. Europe was not immune, with President Trump using his recent controversial visit to throw a political spanner in the works of NATO and Brexit. Amidst these disputes, investors appear to be betting on the perceived safe haven of the US by channeling funds towards American equities. This has seen the S&P 500 move back towards its January highs, supported somewhat by impressive corporate sector earnings that have once again surpassed expectations, although future earnings guidance has been tempered by concerns over escalating trade tariffs. As a result, the US equities within the fund performed well over the month, led by those cyclical sectors such as oil services and steel, hinting at an overdue sector rotation which was perhaps illustrated in the almighty blow markets dealt to the social media companies. As Facebook had more than \$120bn wiped off its market value, analysts were quick to rebrand the definition of their favourite tech names to include only Microsoft, Amazon, Google and Apple (MAGA), however such a hostile response to the market leaders highlights the dangers of following a crowded trade.

The backdrop of increasingly positive US economic data was enough to quell the US yield curve's incessant flattening despite President Trump's best attempts to denounce the gradual path of rate hikes laid out by the Federal Reserve. Even in Japan, tides looked to be turning, as speculation built around imminent changes to the Bank of Japan's previously unwavering yield curve control policy. The notable silence from policy makers encouraged investors to regain some positivity over Japanese equities and the fund's positions in financials, such as MUFG and Dai-ichi Life, were notable outperformers, although the monthly update from the central bank ultimately stifled their gains. We remain convinced that a new phase of rising interest rates is right around the corner, even while global debt rose to 318% of GDP in the first quarter of 2018 according to the Institute of International Finance. Currently, while quantitative tightening by the Federal Reserve is well under way, monetary conditions remain loose and we believe that as the liquidity taps are increasingly curtailed, the protective elements within the fund will provide a vital offset to conventional assets.

We are now seemingly entering a new phase of stock market leadership with the attraction of the out-of-favour cyclical sector coming to the fore. The fund's global equity exposure retains a bias towards value opportunities in this cyclical bucket, including new positions in Cleveland Cliffs and DowDuPont. On the other side of the ledger, the index-linked bonds remain a core protection against the building inflationary pressures as authorities appear increasingly willing to allow economies to run hot.

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 % | July 2018 | Year to date | 1 year | 3 years | 5 years | 10 years |
|---------------------------|-----------|--------------|--------|---------|---------|----------|
| Accumulation units | 0.8 | 0.3 | 3.1 | 9.3 | 21.8 | na |
| Percentage growth | | % | | | | |
| 30 Jun 2017 – 30 Jun 2018 | | 1.9 | | | | |
| 30 Jun 2016 – 30 Jun 2017 | | 6.9 | | | | |
| 30 Jun 2015 – 30 Jun 2016 | | -0.3 | | | | |
| 30 Jun 2014 – 30 Jun 2015 | | 11.1 | | | | |
| 30 Jun 2013 – 30 Jun 2014 | | 1.7 | | | | |

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.

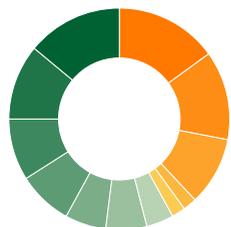
Unit price as at 31 July 2018

Accumulation 134.55

Income 119.05

Charity Assets Trust as at 31 July 2018

Asset allocation



Asset allocation

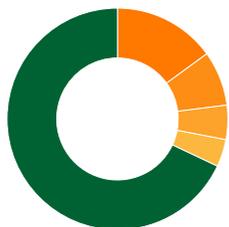
| | % |
|---------------------------------|----|
| ● Long-dated index-linked gilts | 14 |
| ● Short-dated bonds | 11 |
| ● Non-UK index-linked | 9 |
| ● Gold and gold equities | 8 |
| ● Cash | 6 |
| ● Index-linked gilts | 6 |
| ● Illiquid strategies | 4 |

| | |
|--------------------------|----|
| ● Japan equities | 15 |
| ● UK equities | 13 |
| ● North America equities | 10 |
| ● Europe equities | 2 |
| ● Asia ex-Japan equities | 2 |

Currency allocation

| | % |
|-------------|----|
| ● Sterling | 68 |
| ● US dollar | 15 |
| ● Gold | 8 |
| ● Yen | 5 |
| ● Other | 4 |

Currency allocation



10 largest of 61 equity holdings*

| Stock | % of fund |
|---------------------------|-----------|
| iShares Physical Gold | 3.9 |
| Tesco | 2.6 |
| Dai-ichi Life Insurance | 2.0 |
| Mitsubishi UFJ Financial | 2.0 |
| Sumitomo Mitsui Financial | 1.5 |
| Sony | 1.5 |
| Walt Disney | 1.4 |
| ORIX | 1.4 |
| GlaxoSmithKline | 1.2 |
| Resona | 1.2 |

5 largest of 10 bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 0% 2018 | 10.6 |
| UK Treasury index-linked 0.5% 2050 | 6.2 |
| US TIPS 1.125% 2021 | 5.1 |
| UK Treasury index-linked 0.125% 2019 | 4.1 |
| UK Treasury index-linked 0.125% 2068 | 3.7 |

*Excludes holdings in pooled funds
Source: Ruffer LLP

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Fund size £95.9m

Fund information

| | % |
|--------------------------|--|
| Ongoing Charges Figure | 1.14 |
| Annual management charge | 1.0 + VAT |
| Maximum initial charge | 1.0 |
| Yield | 1.50 |
| 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 & Depositary (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 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

Dealing line

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