

Charity Assets Trust

Positive absolute returns with low volatility for charities

During September, the fund price rose by 0.4%. This compared with an appreciation of 0.7% in the FTSE All-Share Index and a fall of -1.5% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

The fund benefited from the cyclical bias of its equity exposure during the month, with oil companies and a US based steel producer making notable contributions. Despite a trend of modestly rising interest rates in the US, the introduction of a sizeable fiscal spending package is evidently supporting economic momentum, albeit at the cost of a budget deficit heading towards 5% of GDP. The continued strength of the US and the boost this provides to the global economy has led some commentators to ratchet up their oil price predictions to over \$100. An additional swing factor has been the impact of the US embargo on oil imports from Iran and the pressure being placed on its trading partners to also impose sanctions.

Despite the economic locomotive that is the US seemingly running full steam ahead, the global economic backdrop remains complex. While the impact of rising US interest rates is being readily countered by fiscal stimulus within the domestic economy, the impact on global liquidity can be unfavourable. This can be particularly pronounced for those emerging economies faced with significant US dollar based liabilities and weakening domestic currencies. Argentina is an early casualty with its ten year dollar denominated debt now yielding over 9%. As a result, rising global interest rates led by the US along with increasing commodity prices, both a reflection of a positive global economic growth trend, mark something of a new phase in the cycle where new tensions are being felt. This is particularly so after a prolonged period of rising global asset prices which have masked the vulnerabilities of the financial system to a change in global liquidity conditions. We continue to seek exposure to assets that show positive correlation to an environment of rising global bond yields and this month, it was notable that Japanese financial companies were the strongest performing sector for the fund.

We remain of the view that financial markets are at a turning point and cannot overlook the uncomfortable reality that a decade on from the great financial crisis, asset prices are more a reflection of abnormally low interest rates than a reliable assessment of the economic future. Ever higher asset prices are a symptom of the decreasing returns today's investors are willing to accept; a phenomenon itself very reliant upon the somewhat fickle matter of sentiment which past events have shown can turn abruptly. As a result, we remain circumspect as to the price we are willing to pay for equity exposure and it is opportunistic that those sectors of the market that offer the most connectivity to an improving late economic cycle have been out of favour for some time. This helps facilitate an equity position of 40%: which should garner some decent returns if the cycle continues and investors increasingly switch into more economically geared areas of market. The majority of the portfolio remains biased towards protection: when the spectre of the credit cycle returns, asset prices should present those possessing 'dry powder' with an opportunity to garner more reasonable returns.

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



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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 %	September 2018	Year to date	1 year	3 years	5 years
Accumulation units	0.4	-0.3	2.6	14.0	23.1
Percentage growth	%	Unit price as at 28 September 2018	p		
30 Sep 2017 – 30 Sep 2018	2.6	Accumulation	133.84		
30 Sep 2016 – 30 Sep 2017	1.7	Income	118.43		
30 Sep 2015 – 30 Sep 2016	9.3				
30 Sep 2014 – 30 Sep 2015	3.9				
30 Sep 2013 – 30 Sep 2014	3.9				

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 28 Sep 2018

Asset allocation



Asset allocation %

Long-dated index-linked gilts	13.8
Non-UK index-linked	11.0
Cash	9.1
Short-dated bonds	8.3
Gold and gold equities	6.8
Index-linked gilts	5.8
Illiquid strategies and options	4.6

Japan equities	14.3
UK equities	12.6
North America equities	9.4
Europe equities	2.6
Asia ex-Japan equities	1.7

Currency allocation %

Sterling	70.2
US dollar	12.1
Gold	6.7
Yen	6.7
Euro	0.5
Other	3.8

Currency allocation



10 largest of 58 equity holdings*

Stock	% of fund
iShares Physical Gold	2.4
Tesco	2.3
Dai-ichi Life Insurance	2.2
Mitsubishi UFJ Financial	1.9
Sony	1.7
Sumitomo Mitsui Financial	1.4
Walt Disney	1.4
ORIX	1.4
Yara International	1.2
GlaxoSmithKline	1.2

5 largest of 13 bond holdings

Stock	% of fund
UK T-Bill 2018	8.3
UK Treasury index-linked 0.5% 2050	5.8
US TIPS 1.125% 2021	4.9
UK Treasury index-linked 0.125% 2019	4.0
UK Treasury index-linked 0.125% 2068	3.9

*Excludes holdings in pooled funds
Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

Fund size £99.5m

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

ISIN	Accumulation	Income
	GB00B740TC99	GB00B7F77M57

SEDOL	B740TC9	B7F77M5

Manager and investment adviser Ruffer AIFM Limited

Trustee BNY Mellon Fund & Depository (UK) Ltd

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

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 2018, assets managed by the Ruffer Group exceeded £22.1bn.

Dealing line 0344 892 0906

Enquiries

Ruffer LLP +44 (0)20 7963 8040
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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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).

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL
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