

Charity Assets Trust

Positive absolute returns with low volatility for charities



March 2019 Issue 85

During March, the fund price rose by 1.8%. This compared with an appreciation of 2.7% in the FTSE All-Share Index and an increase of 3.2% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

The fund experienced a positive month led by key protective positions in index-linked gilts and a positive input from gold investments. As the clock ticked towards the UK's scheduled 29 March 'leave' date from the EU, the turn of events that led to Parliament 'seizing control' of the exit process did little to aid investor sentiment in the UK. An agreement to extend the departure date to 12 April provided some respite to sterling, although this was muted by a growing sense a snap election may soon be on the cards. The gilt market including index-linked paper was well bid, with investors seeking sanctuary in government bonds. The 'break even' (the inflation anticipated by index-linked gilts) also rose, reflecting concerns the current political sclerosis under a Conservative minority government may result in an inconclusive election or indeed a minority government led by the current opposition.

Concerns about slowing economic growth were also evident in the US and Europe. The inversion of the yield curve in the US, whereby ten year bond yields fell below that of short-term US treasury bonds, was notable, in that this was the first time this relationship had been negative since 2007. Weakening manufacturing data from Germany also resulted in the yield on the benchmark 10 year bund turning negative for the first time since 2016. Meanwhile, global equities remain buoyant spurred by relief that this softer economic data will perpetuate the 'patient' stance of the Federal Reserve and see interest rates remain at extraordinarily low levels. This encouraged those who believe the not too hot, not too cold 'Goldilocks' scenario will prevail.

Perceptions of cooling economic momentum, and with it a diminished requirement to raise interest rates, were enough to push through a modest increase in global equity markets. On the back of this, the fund experienced a number of double digit performance inputs from its equities led by Ocado in the UK, which was buoyed (+25% over the month) by its latest international deal in Australia. Double digit returns were also produced by Dixons Carphone and Bandai Namco in Japan.

Overall, the global economic backdrop remains finely poised. European data has yet to confirm the Q4 weakness, seen particularly in Germany, was attributable to the automotive sector or the start of a broader cyclical downturn. A cloud also remains over US and Chinese trade. With Brexit still on a knife edge, a messy 'no deal' outcome could in the short-term have a disproportionate impact on already brittle global sentiment. High asset prices, and vulnerable corporate credit markets, supported by positive yet seemingly flagging global economic growth momentum leave the fund deliberately biased towards protective assets. While equity markets have enjoyed a relief rally following the Federal Reserve's 'blink', appeasing asset markets may well have longer-term inflationary consequences, let alone pumping further air into the credit market bubble. While navigating these tensions, we continue to seek fairly valued equity opportunities. These incorporate macro-led themes, cyclical sectors, quality franchises and special situations.

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.

Responsible Investment Policy

The fund has strict restrictions on investment in alcohol, armaments, gambling, pornography, tobacco, oil sands and thermal coal. It also follows a proactive voting and engagement approach with companies held within the fund. The fund is monitored against UN Global Compact principles, MSCI's ESG Metrics and the managers also monitor the fund's carbon metrics.

Performance since launch on 8 March 2012



Performance %	March 2019	Year to date	1 year	3 years	5 years
Accumulation units	1.8	2.3	-1.0	8.8	18.4
Percentage growth	%		Unit price as at 29 March 2019		
31 Mar 2018 – 31 Mar 2019	-1.0		Accumulation 129.55		
31 Mar 2017 – 31 Mar 2018	-0.6		Income 113.56		
31 Mar 2016 – 31 Mar 2017	10.5				
31 Mar 2015 – 31 Mar 2016	-2.5				
31 Mar 2014 – 31 Mar 2015	11.6				

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 29 Mar 2019

Asset allocation



Asset allocation

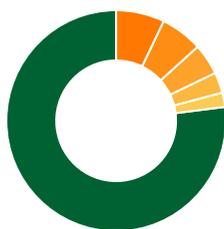
	%
Long-dated index-linked gilts	15.0
Non-UK index-linked	12.2
Cash	10.7
Short-dated bonds	8.4
Gold and gold equities	7.2
Illiquid strategies and options	7.1
Index-linked gilts	1.8

UK equities	11.2
North America equities	10.6
Japan equities	9.1
Europe equities	4.8
Asia ex-Japan equities	1.8
Other	0.1

Currency allocation

	%
Sterling	77.1
Gold	7.2
Yen	6.1
US dollar	3.1
Euro	1.9
Other	4.6

Currency allocation



10 largest of 59 equity holdings*

Stock	% of fund
Walt Disney Company	2.1
iShares Physical Gold	2.0
Barrick Gold	1.7
Tesco	1.6
Wheaton Precious Metals	1.6
Sony	1.5
Kinross Gold	1.4
General Motors	1.4
Dai-ichi Life Insurance	1.4
ORIX	1.2

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.3
US Treasury 1.125% TIPS 2021	4.8
UK Treasury index-linked 0.125% 2068	4.3
US Treasury 1.75% TIPS 2019	2.9
US Treasury 2.0% TIPS 2020	2.8

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

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 **£102.5m**

Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.88
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 where this is a business day
Plus the last business day of the month

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) 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

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 28 February 2019, assets managed by the Ruffer Group exceeded £21.0bn.

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

† © FTSE 2019 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2019