

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During August the fund price rose by 1.3%. This compared with a fall of 3.6% in the FTSE All-Share Index and a rise of 3.5% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Argentina in default, the British parliament about to be prorogued, US interest rates cut and chaos in Hong Kong. August can be a quiet month for financial markets, but this one was unpredictable from beginning to end. The only thing that investors seemed certain of was that bond yields would continue to fall. As such, the US Federal Reserve's 0.25% cut in interest rates came as somewhat of a disappointment, being only half as much as investors (and President Trump) had hoped for. Nonetheless, this move helped anchor global bond yields lower and poor economic data out of Germany and China fuelled broader fears of a global recession, which did the rest. The value of negative yielding debt in the world has now reached an all-time high of \$17 trillion representing almost 20% of global issuance! Mid-month, the US yield curve inverted, meaning the ten year interest rate was lower than the two year, and given it has form in being a predictor of US recessions, gave more credence to investors' fears. Ongoing trade war rhetoric continued to be a source of uncertainty for investors as they tried to discern reality from presidential tweets.

Unsurprisingly, global equity markets bore the brunt of investor jitters. US equities were the biggest negative contributor to fund performance. The bulk of this was down to the ongoing trade negotiations between the US and China, with Trump announcing additional tariff increases. By reiterating their focus on inflation and unemployment data, the Fed gave little hope that they would react to trade policy volatility, even if it began to threaten stock markets.

The UK stock market remains tied into its domestic market story, which investors are tired of and our UK equity exposure was not immune. UK sterling took a hit, courtesy of Boris Johnson's clear determination that the UK will be leaving the EU on 31 October with other politicians declaring a 'constitutional meltdown' and the 'death of democracy'. We actively manage our currency exposure and the 9% allocation to yen was a positive contributor as a deliberate protective allocation of late.

Our other protective positions performed well throughout the month, more than offsetting the equity losses in the fund. Duration assets in particular participated in the global bond market rally with the long-dated inflation linked bonds and gold the stand out contributors. We took profits in our gold-mining equities, but continue to believe in its role as the ultimate safe haven asset.

We do not profess to have any more insight than anyone else on Brexit, but through our approach to managing risk we consider the fund's asset and currency allocation holistically. We aim to have an appropriate balance of sterling positive (UK equities and sterling exposure) and negative (inflation-linked bonds and foreign currency exposure) positions to navigate through any stark moves in either direction. However, uncertainty is a global rather than uniquely domestic phenomenon at present, so we continue to manage our equity allocation from both a top down and stock specific perspective. In August, we refocused our equities on high-conviction value names ensuring a balance between cyclical and quality companies.

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.

## 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 %	August 2019	Year to date	1 year	3 years	5 years
Accumulation units	1.3	6.6	1.3	4.9	19.0
Percentage growth	%	Unit price as at 30 August 2019		p	
30 Jun 2018 – 30 Jun 2019	-1.8	Accumulation	134.91		
30 Jun 2017 – 30 Jun 2018	1.9	Income	116.99		
30 Jun 2016 – 30 Jun 2017	6.9				
30 Jun 2015 – 30 Jun 2016	-0.3				
30 Jun 2014 – 30 Jun 2015	11.1				

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 Aug 2019

## Asset allocation



### Asset allocation %

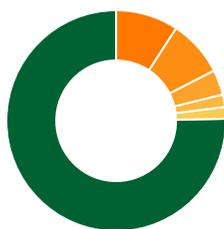
● Long-dated index-linked gilts	18.2
● Non-UK index-linked	14.2
● Gold and gold equities	8.5
● Short-dated bonds	8.2
● Illiquid strategies and options	6.5
● Cash	4.4
● Index-linked gilts	1.6

● North America equities	13.2
● UK equities	10.1
● Japan equities	9.5
● Europe equities	4.0
● Asia ex-Japan equities	1.6
● Other	0.1

### Currency allocation %

● Sterling	75.2
● Yen	9.2
● Gold	8.4
● Euro	1.8
● US dollar	1.7
● Other	3.7

## Currency allocation



## 10 largest of 60 equity holdings\*

Stock	% of fund
Walt Disney Company	2.9
iShares Physical Gold	2.4
Wheaton Precious Metals	2.1
Sony	1.9
Kinross Gold	1.9
Barrick Gold	1.6
Tesco	1.4
General Motors	1.4
Celgene Corporation	1.4
Dai-ichi Life Insurance	1.2

## 5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.4
UK Treasury index-linked 0.125% 2068	5.8
US Treasury 1.125% TIPS 2021	5.4
UK Treasury index-linked 0.375% 2062	3.6
US Treasury TIPS 1.25% 2020	3.3

\*Excludes holdings in pooled funds

Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

Fund size **£119.8m**

## Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.9%
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

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

**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 Managers

### 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.



### Jenny Renton

INVESTMENT DIRECTOR

Joined Ruffer in 2013. After reading politics at Newcastle University, she worked with oil and gas companies on their corporate and financial strategies before joining the fund team at Ingenious Investments. She is a CFA charterholder.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2019, assets managed by the Ruffer Group exceeded £20.8bn.

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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.