

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During December the fund price rose by 2.1%. This compared with a rise of 3.3% in the FTSE All-Share Index and a 1.3% fall in the FTSE Government All-Stocks Index (both figures are total return in sterling).

A decisive election outcome in the UK and a more constructive narrative in the US/China trade negotiations provided a positive backdrop for equity markets as they approached the year-end. The UK's first December election since 1923 removed the uncertainty of a major move to the left in national politics whilst providing some resolution to the Brexit saga, the combination of which had resulted in a significant and persistent discount in UK asset prices. While Brexit uncertainties remain, the prospect of a deal and the removal of the political sclerosis seen over the past three years has, for now at least, been well received by investors. We believe there is more to play for in the domestic market as a more stable political environment feeds into the economy and global investors return to the UK.

The fund's exposure to UK equities, particularly those exposed to the domestic economy, was steadily increased over the past quarter and this was the most significant sector input to returns over the month. UK property companies and house builders were notable contributors as was the long-held position in Tesco. Also in the food retail sector, further commercial progress was made by Ocado which announced a new contract with Aeon, Japan's largest grocery group. This contract will be operational by 2023 and gives the company access to a new market with sales capacity similar in size to the UK. The deal provides yet more evidence that Ocado is the leading global technology innovator disrupting the global food retail industry, we remain encouraged about the long-term prospects for the group.

Economic news flow in the US remained reasonably robust with both domestic job growth and consumer sentiment somewhat stronger than market expectations. While uncertainties remain over global trade and the hitherto escalating trade war between the US and China, the US domestic economy remains on a steady footing. Meanwhile, it is possible to detect a mellowing of the rhetoric between President Trump and China, with a phase one trade deal due to be signed on 15 January. This provided a positive backdrop for the fund's global equities led by its US holdings.

Markets have thus ended the year in something of a 'Goldilocks' mindset. With the threat of US interest rate hikes kicked into the long grass and the resumption of quantitative easing in Europe, the policy backdrop – for now at least – remains highly supportive. The fund's equity holdings remain well positioned to benefit from this environment, particularly if the trade war and Brexit headwinds continue to abate. This aside, whether subdued economic growth rates and supportive policy will be sufficient to sustain a mature market remains the key question for 2020 and indeed, the decade beyond.

Historically high asset values and persistent structural fragilities within the financial system remain difficult to overlook. As such, the fund maintains its uncorrelated protective assets whilst looking for attractively valued opportunities in global equity markets.

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 %             | December 2019 | Year to date                      | 1 year | 3 years | 5 years |
|---------------------------|---------------|-----------------------------------|--------|---------|---------|
| Accumulation units        | 2.1           | 7.3                               | 7.3    | 4.3     | 16.7    |
| Percentage growth         | %             | Unit price as at 31 December 2019 | p      |         |         |
| 31 Dec 2018 – 31 Dec 2019 | 7.3           | Accumulation                      | 135.79 |         |         |
| 31 Dec 2017 – 31 Dec 2018 | -5.6          | Income                            | 117.11 |         |         |
| 31 Dec 2016 – 31 Dec 2017 | 3.0           |                                   |        |         |         |
| 31 Dec 2015 – 31 Dec 2016 | 10.5          |                                   |        |         |         |
| 31 Dec 2014 – 31 Dec 2015 | 1.2           |                                   |        |         |         |

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 31 Dec 2019

## Asset allocation



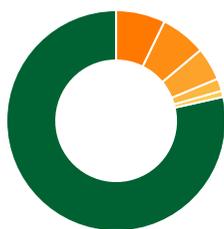
### Asset allocation %

|                                   |      |
|-----------------------------------|------|
| ● Non-UK index-linked             | 15.8 |
| ● Long-dated index-linked gilts   | 9.3  |
| ● Cash                            | 7.4  |
| ● Gold and gold equities          | 7.4  |
| ● Short-dated bonds               | 7.4  |
| ● Illiquid strategies and options | 6.9  |
| ● Index-linked gilts              | 1.6  |
| ● UK equities                     | 20.4 |
| ● North America equities          | 10.3 |
| ● Japan equities                  | 7.9  |
| ● Europe equities                 | 4.2  |
| ● Asia ex-Japan equities          | 1.5  |

### Currency allocation %

|             |      |
|-------------|------|
| ● Sterling  | 78.5 |
| ● Gold      | 7.3  |
| ● Yen       | 6.7  |
| ● Euro      | 1.8  |
| ● US dollar | 1.0  |
| ● Other     | 4.7  |

## Currency allocation



## 10 largest of 58 equity holdings\*

| Stock                  | % of fund |
|------------------------|-----------|
| Lloyds Banking Group   | 2.4       |
| Royal Bank of Scotland | 2.3       |
| Tesco                  | 2.1       |
| Newmont Mining         | 2.0       |
| iShares Physical Gold  | 2.0       |
| Whitbread              | 2.0       |
| Walt Disney Company    | 1.9       |
| Sony                   | 1.8       |
| General Motors         | 1.7       |
| Kinross Gold           | 1.6       |

## 5 largest of 15 bond holdings

| Stock                                | % of fund |
|--------------------------------------|-----------|
| US Treasury 1.125% TIPS 2021         | 4.9       |
| UK government 8.0% 2021              | 4.5       |
| US Treasury TIPS 1.25% 2020          | 3.4       |
| UK Treasury index-linked 0.125% 2068 | 3.3       |
| UK Treasury index-linked 0.5% 2050   | 3.3       |

\*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 **£150.4m**

## Fund information

|                          | %  |
|--------------------------|--|
| Ongoing Charges Figure   | 1.15   |
| Annual management charge | 1.0 + VAT                                    |
| Maximum initial charge   | 1.0  |
| Yield                    | 1.98   |
| 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 30 November 2019, assets managed by the Ruffer Group exceeded £19.8bn.

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