

Charity Assets Trust

Positive absolute returns with low volatility for charities



January 2020 Issue 95

During January the fund price fell by 2.4%. This compared with a fall of 3.3% in the FTSE All-Share Index and a 3.5% rise in the FTSE Government All-Stocks Index (both figures are total return in sterling).

Most investors would be forgiven for expecting a benign start to the new decade. With a new Conservative government finalising the UK's exit from the European Union, and a Phase 1 trade deal being signed between the US and China it seemed as though geopolitical tensions were subsiding. This was quickly turned on its head. The defining headlines of the past few weeks have concerned American military action against Iran and, more recently, the outbreak of a new coronavirus in China. While markets seemed to shrug off the threat of war, the virus is inciting more fear among investors. Although impossible to precisely quantify, the epidemic's negative impact on Chinese – and therefore global – economic activity is undeniable, particularly as it arrived in the midst of the Lunar New Year celebrations. This outbreak and its impact on global economic activity has given investors a reason to pause, at a time when survey data about the global economy appeared to suggest continued growth in 2020. Amidst this, global equity markets have suffered, with the focus being on those sectors reliant on strong economic growth. This was the case within the fund and equities were therefore a negative contributor to performance overall in January, particularly the more cyclical companies. However, this overshadows strong performance from some specific names such as Fujitsu and H&M, thanks to good earnings reports in the month.

Amidst the fear of a near-term growth shock, global bond yields have been falling and investors have been reaching for safe haven assets. The traditional protective positions in the fund, such as the index-linked bonds and gold therefore performed well over the month, offsetting some of the losses in the equities. The yen also began to strengthen as equity markets fell, but its muted initial reaction to the scare allowed us to increase our allocation slightly over the month. Central banks, for their part, remain on hold and policymakers in the US and UK reiterated their loose monetary policy stance at month-end meetings. Rhetoric around fiscal policy globally is also increasing, all against a backdrop of data showing an impending pick-up in economic activity. This is particularly apparent in the UK where a number of factors, including improving manufacturing indices and an imminent budget, are coalescing to shine a positive light on domestic asset markets. We have confidence in the underlying economy but acknowledge that the Coronavirus outbreak could cast a shadow over global growth.

History suggests that if authorities can get the epidemic under control in short order then markets can enjoy a rebound. We will at least exit the scare with profoundly loose monetary, fiscal and financial conditions across the world – an environment that has supported a buy-the-dip mentality for the last decade. However, if fears over global growth accelerate and markets deteriorate, we have confidence that our bias towards protective assets, not least the corporate credit protection, will protect capital. If this fear is indeed short-lived, our equity-positions, biased towards value stocks, should enjoy a rebound.

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

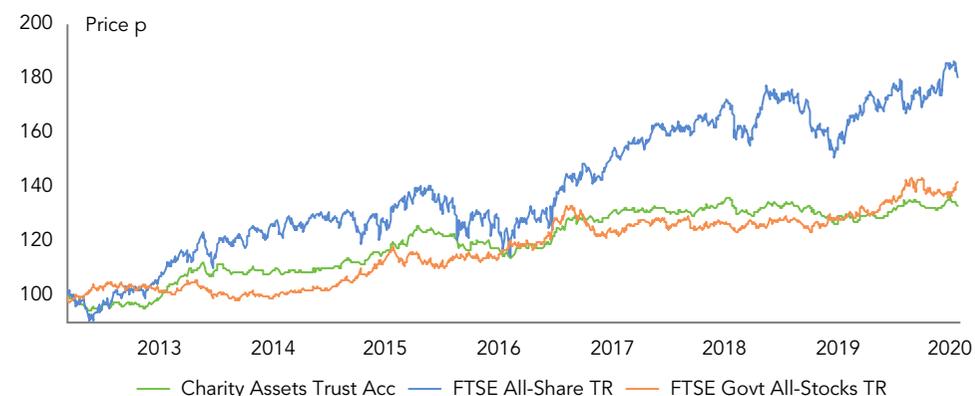
Investment objective

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 %	January 2020	Year to date	1 year	3 years	5 years
Accumulation units	-2.4	-2.4	1.7	0.9	10.8

Percentage growth	%	Unit price as at 31 January 2020	p
31 Dec 2018 – 31 Dec 2019	7.3	Accumulation	132.51
31 Dec 2017 – 31 Dec 2018	-5.6	Income	113.86
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 Jan 2020

Asset allocation



Asset allocation %

● Non-UK index-linked	17.0
● Long-dated index-linked gilts	10.1
● Gold and gold equities	8.2
● Short-dated bonds	7.8
● Illiquid strategies and options	6.1
● Cash	4.0
● Index-linked gilts	1.7
● UK equities	19.8
● Japan equities	10.1
● North America equities	9.5
● Europe equities	4.2
● Asia ex-Japan equities	1.5

Currency allocation %

● Sterling	74.3
● Yen	11.5
● Gold	8.1
● Euro	1.1
● US dollar	0.4
● Other	4.6

Currency allocation



10 largest equity holdings*

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

5 largest bond holdings

Stock	% of fund
US Treasury 1.125% TIPS 2021	5.3
UK government 8.0% 2021	4.8
UK Treasury index-linked 0.5% 2050	3.7
US Treasury TIPS 1.25% 2020	3.6
UK Treasury index-linked 0.125% 2068	3.4

*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 **£140.2m**

Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.97
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 December 2019, assets managed by the Ruffer Group exceeded £19.8bn.

Dealing line

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