

Charity Assets Trust

Positive absolute returns with low volatility for charities

During March, the fund price rose by 4.5%. This compared with a fall of 15.1% in the FTSE All-Share Index and an increase of 1.4% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Lenin mused that ‘there are decades where nothing happens; and there are weeks where decades happen’. March had four such weeks. COVID-19 scythed through Europe and the US whilst rolling shutdowns created the worst ever peacetime output collapse. Unprecedented economic uncertainty, intensified by a Russia-Saudi oil war, drove market volatility unseen since the Great Depression. March marked the end of history’s longest US equity bull market with the fastest ever decline into a bear market from an all time high and the largest one day falls in major indices since 1987. The fund’s derivative protections proved critical, blunting equity losses: we sold the VIX calls (adding +2.6% for the fund during March) and (most) equity put options (+1.4%); credit spreads blew out in Europe and the US lifting our credit protections (+4.7%). These fell back as the US Federal Reserve waded into corporate bond markets, but credit remains exposed and the focus of our remaining alternative protections. Traditional safe haven assets proved flakier friends. Gold and gold mining equities fell with stocks as many investors sold what they could, not what they wanted to. By contrast, capital preservation has allowed us to acquire mispriced assets amidst the volatility including gold mining equities; fixed income gyrations allowed us to add long-dated US TIPS (+20% in USD since purchase) at attractive yields. The Fed and fellow central banks need to anchor yield curves to reduce real rates of borrowing to make the debt splurge affordable. Given the ‘wartime’ scale of economic dislocation, actual fiscal stimulus required will likely far exceed that already declared. Yet ‘buy the dip’ remains a powerful instinct. Is proposed stimulus enough to allow markets to stabilise, ‘looking through’ to a post-virus era? With the depth and duration of record economic disruption unknowable but increasingly visible, and in the absence of a magic bullet (eg vaccine), further volatility is likely and risks accelerating an investor preference for liquidity. Should markets sustain a rally, long TIPS and gold mining equities mean that the fund’s ‘risk’ assets are materially higher than the c 28% equity weight suggests. Central banks are throwing the kitchen sink at the crisis, but their omnipotence is another COVID-19 victim. On Sunday 15 March, the Fed cut rates to zero and unleashed massive quantitative easing. Markets fell sharply the following day, the third ‘black’ day this month. This was the Fed’s ‘emperor has no clothes’ moment, and signalled the end of the post-1987 ‘Greenspan put’ era, where monetary easing alone repeatedly bailed out fragile markets and economies. Exhausted monetary policy is impotent in the face of the massive real economy shock facing us, and markets know it. Game-changing ‘helicopter money’ – central bank financing of fiscal stimulus for the real economy – has arrived. Our bet remains that deeper financial repression will result, with inflation-linked bonds and gold the key fund defences.

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 %	March 2020	Year to date	1 year	3 years	5 years
Accumulation units	4.5	-0.4	4.5	2.8	10.8

Percentage growth	%	Unit price as at 31 March 2020	p
31 Mar 2019 – 31 Mar 2020	4.5	Accumulation	135.24
31 Mar 2018 – 31 Mar 2019	-1.0	Income	116.20
31 Mar 2017 – 31 Mar 2018	-0.6		
31 Mar 2016 – 31 Mar 2017	10.5		
31 Mar 2015 – 31 Mar 2016	-2.5		

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 Mar 2020

Asset allocation



Asset allocation	%
● Illiquid strategies and options	20.8
● Non-UK index-linked	18.5
● Gold and gold equities	9.2
● Long-dated index-linked gilts	9.2
● Short-dated bonds	6.9
● Cash	6.8
● Index-linked gilts	1.6

● UK equities	10.8
● North America equities	6.8
● Japan equities	5.5
● Europe equities	2.5
● Asia ex-Japan equities	1.4

Currency allocation	%
● Sterling	73.8
● Yen	10.8
● Gold	9.1
● US dollar	2.2
● Euro	1.3
● Other	2.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	4.9
Newmont Mining	2.1
Sony	1.7
Tesco	1.6
Kinross Gold	1.4
Lloyds Banking Group	1.4
Walt Disney Company	1.4
Royal Bank of Scotland	1.2
Equinor	1.1
Check Point Software	0.9

5 largest of bond holdings

Stock	% of fund
UK Treasury index-linked 8% 2021	4.5
UK Treasury index-linked 0.5% 2050	3.4
US Treasury 0.25% TIPS 2050	3.3
UK Treasury index-linked 0.125% 2068	3.0
US Treasury 1.75% TIPS 2028	2.9

*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 **£136.9m**

Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.93
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
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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 29 February 2020, assets managed by the Ruffer Group exceeded £19.1bn.

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