

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During May the fund price increased by 1.0%. This compared with a rise of 3.4% in the FTSE All-Share Index and a 0.04% rise in the FTSE Government All-Stocks Index (both figures are total return in sterling).

Optimism over the easing of lockdown restrictions, combined with the ongoing liquidity provided by central authorities, drove markets higher during the month. This recovery from the lows of March continued despite record slumps in economic activity data that in normal circumstances might be expected to derail share prices. The stimulus was also sufficient, for now at least, to brush aside growing tensions between the US and China.

The fund's gold mining positions continued to participate in the broader equity market rally. The month also saw a strong contribution from UK inflation linked bonds, as the market's long-term inflation expectations rose. Both gold and inflation-linked bonds remain uniquely positioned to look through the immediate deflationary effects of a lockdown induced recession. They remain key assets to protect and grow the fund as the long-term inflationary impacts of vast fiscal stimulus become clearer.

The fund's equity positions were also a positive driver, particularly in the second half of the month. The first half of the month saw the market continue to reward growth stocks. In early May, the tech-heavy NASDAQ index erased its losses for the year. These companies are now very expensive. Further upside is limited and we believe the risks are to the downside. At the end of the month, increasing optimism surrounding the speed of the economic recovery triggered early signs of a market rotation. Cheap, economically sensitive stocks posted strong gains – including the fund's holdings in unloved industrial stocks such as General Motors – whilst growth stocks fell. Although modest in scope so far, the moves demonstrated the sensitivity of the funds small but cyclical equity weighting to positive economic news. We are confident that it is well positioned to drive performance should expectations around a rapid recovery continue to prevail.

However, a swift, 'V-shaped' recovery now seems essential to justify continued strength in equity markets. A myriad of threats could derail such a recovery. May saw increased geopolitical tension, with the resumption of Brexit talks and aggressive Chinese action in Hong Kong threatening a new low in US-China relations. Civil unrest in the US over racial injustice adds to the political volatility in the run up to the presidential elections. There is also the ever-present risk of a second wave of infections as lockdowns are eased. The experience of countries such as South Korea and Japan, in addition to the deteriorating situation in Brazil, demonstrate that the threat from the virus is far from over.

Markets must eventually grapple with the fact that, even if a rapid recovery is achieved, it is unlikely that economic activity will fully return to its 2019 levels. We are yet to understand the full extent of the economic damage caused by shutting down the global economy. Markets have become detached from the short-term economic reality, which could see significant corporate and household insolvencies as economies struggle to restart from lockdown. The fund retains its overall protective bias, with a focus on credit protections and positions in the yen which should fulfil a defensive role in any further market downturn.

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 %	May 2020	Year to date	1 year	3 years	5 years
Accumulation units	1.0	5.1	10.9	7.7	13.9
Percentage growth	%	Unit price as at 29 May 2020		p	
31 Mar 2019 – 31 Mar 2020	4.5	Accumulation	142.61		
31 Mar 2018 – 31 Mar 2019	-1.0	Income	122.06		
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 29 May 2020

## Asset allocation



## Asset allocation %

● Non-UK index-linked	22.1
● Illiquid strategies and options	21.3
● Gold and gold equities	13.7
● Long-dated index-linked gilts	12.5
● Cash	0.6
● UK equities	9.5
● North America equities	8.7
● Japan equities	6.7
● Europe equities	3.7
● Asia ex-Japan equities	1.1

## Currency allocation



## Currency allocation %

● Sterling	69.3
● Gold	13.5
● Yen	12.8
● Euro	1.8
● Other	2.6

## 10 largest equity holdings\*

Stock	% of fund
iShares Physical Gold	6.1
Newcrest Mining	3.0
Kinross Gold	1.9
Sony	1.8
Walt Disney Company	1.5
Ocado	1.5
Newmont Mining	1.4
Equinor	1.4
Royal Bank of Scotland	1.3
Wheaton Precious Metals	1.3

## 5 largest of bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	4.4
UK Treasury index-linked 0.125% 2068	4.3
US Treasury 0.25% TIPS 2050	3.9
US Treasury 1.75% TIPS 2028	3.5
US Treasury 0.875% TIPS 2029	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 **£121m**

## Fund information

Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.72
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 GB00B740TC99 Income 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 April 2020, assets managed by the Ruffer Group exceeded £19.7bn.

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