

Charity Assets Trust

Positive absolute returns with low volatility for charities

During July, the fund's accumulation units returned 0.0% compared with a rise of 2.4% in the FTSE All-Share Index and an increase of 1.6% in the FTSE Government All-Stocks Index. These statistics are all total returns in sterling from a combination of income received and the overall change in capital values.

In July, western equity markets lacked any clear direction, at first carrying on the weakness from June but eventually recovering some poise to finish the month up. This was quite a contrast to the previous month. One cause of the relative calm in July came from a deal of sorts agreed by Greece, or rather, by Tsipras, who capitulated to Greece's creditors on terms more severe than those rejected shortly before. The can was kicked further down the road and, because chronic problems are much easier to ignore than acute, risk appetite resumed.

With the shadow cast by Greece receding, the markets have once again focused attention on Janet Yellen and the timing of the first US interest rate rise since the financial crisis. It is worth noting that the impact of rate rises has frequently been underestimated by the market, in particular the speed at which they normalise. It is unlikely that rates will return to normal any time soon, but the Federal Reserve does appear to be paving the way for a tentative start. How well the equity and bond markets would receive a rise remains a hotly debated question, one which the Fed will ask if only to find out the response.

Whilst July saw a relative calm returning to major equity markets, the same cannot be said for commodities as oil tumbled by 20% and gold fell 6% to a price last seen in 2010. These declines have encouraged suggestions that lower energy prices could result in a boost to consumer spending. However they also call into question the outlook for global demand, especially as they coincided with another sharp correction in Chinese equities which saw more outflows as authorities attempt to command an orderly deleveraging of the economy. Longer term, gold may still play a protective role in the portfolio; its traditionally low correlation with other financial assets should not be underestimated in this new era of increasingly correlated asset prices. However its recent form has not won it any friends and it must be treated with caution.

Yields once again contracted, with the yield on the US 10 year bond falling from 2.38% to 2.18%. The ultra-long dated index-linked bonds in the fund have been particular beneficiaries, with the 2068s gaining 9% over the month. It was duration, rather than inflation expectations that once again rewarded this asset class. However, we hold onto these bonds for an alternative characteristic, namely their protection against financial repression and rising inflation expectations. Greece isn't the only country carrying too much debt and the Greek referendum has shown the latent bias of an indebted electorate against austerity. It isn't just the electorate who are likely to favour alternatives to austerity and debt repayment; a recent McKinsey report has noted that total global debt levels have increased by \$57 trillion since 2007, and government debt has been the fastest growing sector of all. We feel it is prudent to retain protection in the portfolio from indebted governments with both the motive and opportunity to create inflation.

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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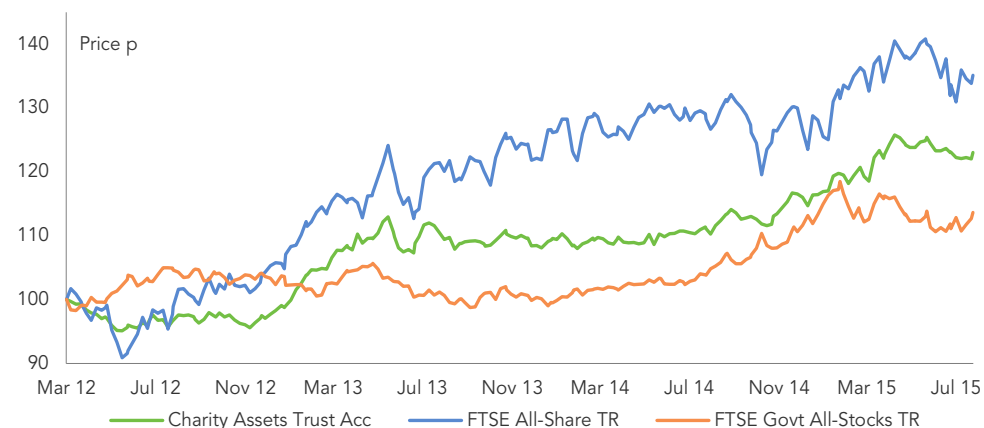
Investment objective

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.

Ethical policy

The fund has an ethical screening policy which restricts investment in alcohol, armaments, gambling, pornography and tobacco.

Performance since launch on 8 March 2012



Performance %	July 2015	Year to date	1 year	3 years	5 years	10 years
Accumulation units	0.0	5.6	10.7	27.4	na	na
Percentage growth		%				
30 Jun 2014 – 30 Jun 2015		11.1				
30 Jun 2013 – 30 Jun 2014		1.7				
30 Jun 2012 – 30 Jun 2013		12.6				
30 Jun 2011 – 30 Jun 2012		na				
30 Jun 2010 – 30 Jun 2011		na				

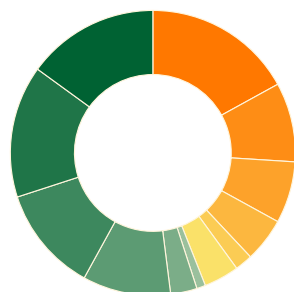
	Share price as at 31 July 2015	p
Accumulation		123.07
Income		114.90

Source: Ruffer LLP

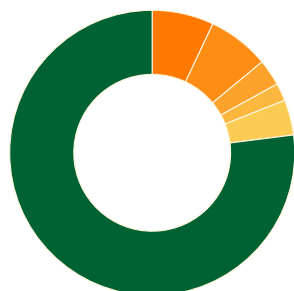
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

Charity Assets Trust as at 31 July 2015

Portfolio structure



Asset allocation	%		%
• Cash	15	• Japan equities	17
• Non-UK index-linked	15	• UK equities	9
• Index-linked gilts	12	• North America equities	7
• Long dated index-linked gilts	10	• Europe equities	5
• Gold and gold equities	3	• Asia ex Japan equities	2
• Floating-rate notes	1	• Illiquid strategies	4



Currency allocation	%
• Sterling	77
• Yen	7
• US dollar	7
• Gold	3
• Euro	2
• Other	4

5 largest of 12 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.2
US TIPS 1.125% 2021	5.4
UK Treasury index-linked 0.125% 2024	4.9
UK Treasury index-linked 1.875% 2022	4.9
US TIPS 2.125% 2019	2.9

Source: Ruffer LLP

5 largest of 68 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.5
Sumitomo Mitsui Financial	1.9
Mitsubishi UFJ Financial	1.9
ETFS Physical Gold	1.9
Lloyds Banking Group	1.4

* Excludes holdings in pooled funds

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Fund size £63.6m

Fund information

Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.2
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
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) Limited
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 Manager

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.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2015, assets managed by the Ruffer Group exceeded £18.5bn, of which charities represented £2.1bn.

Dealing line

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