

Charity Assets Trust

Positive absolute returns with low volatility for charities

During April the fund price fell by 0.2%. This compared with a rise of 1.1% in the FTSE All-Share Index and a fall of 1.2% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

In April equity markets continued to recover the losses seen at the start of the year, with US stock prices drawing near to their all-time highs in the middle of the month. Much like March and the second half of February, a reasonable performance from the oil price and diminishing concerns about Chinese growth gave confidence to risk takers, but the most likely driver of returns was the dovish tones from the US Federal Reserve which weakened the US dollar. Given that dollar strength and the resultant stress in the emerging markets, China fuelled much of the deflationary sell-offs last summer and earlier this year, the weaker dollar has seemingly provided some much needed breathing space.

Since the G20 meeting in Shanghai late in February, there have been rumours of a coordinated effort by central banks to weaken the dollar. Whether true or not, we have certainly seen a reversal in behaviour by all three (four if you count China) of the big central banks. The Federal Reserve significantly changed its tone, both reducing its guidance on the pace of rate hikes and increasing its focus on global risks. The European Central Bank actually increased its stimulus but then talked down the merits of weakening the euro. The greatest reversal came from the Bank of Japan, which announced to a market anticipating at the very least an increase in quantitative easing (QE) and increased purchases of exchange traded funds, that it would in fact make no change to its stimulus package. And in China, the People's Bank of China didn't need to devalue any further as the indirect weakening of the dollar did the work for them.

The weakening of currencies via QE has been a useful tool for inflating asset prices and in theory supporting growth (albeit that the jury is still out). If this is no longer viable for Japan and the EU due to its impact on the dollar and global growth, or no longer effective given recent market reactions to central bank policy, fiscal intervention in these countries becomes more probable. Should growth remain subdued it will be inevitable. Canada has been the first country to set in train a live experiment in fiscal expansion, with Mr Trudeau's newly-elected government raising its deficit forecasts to fund infrastructure spending and cash handouts for those on lower incomes, with the full approval of the Bank of Canada. We expect others to follow suit, however the route to global fiscal intervention is uncertain, as is its timing.

With a revival in risk appetite we saw positive contributions from the Trust's equities. Oils and metals were particular beneficiaries. The greatest contribution to returns came from the Trust's gold weighting and in particular the gold miners, most of which appreciated over 20% in the month. With the prices of bonds and most equities remaining close to their all-time highs and with the uncertain transmission from monetary stimulus to fiscal stimulus, we have kept our equity weighting low at around 30%. We would need to see signs of a more meaningful earnings' improvement to significantly increase our equity weighting. It was noticeable that the last quarter's corporate results in the US broadly met expectations, which had in fairness been lowered since the start of the year, and yet again revenue growth was disappointing. This stagnant environment is likely to continue to place pressure on central governments for a fiscal response and this issue is likely to gain momentum as we approach the G7 meeting in Japan.

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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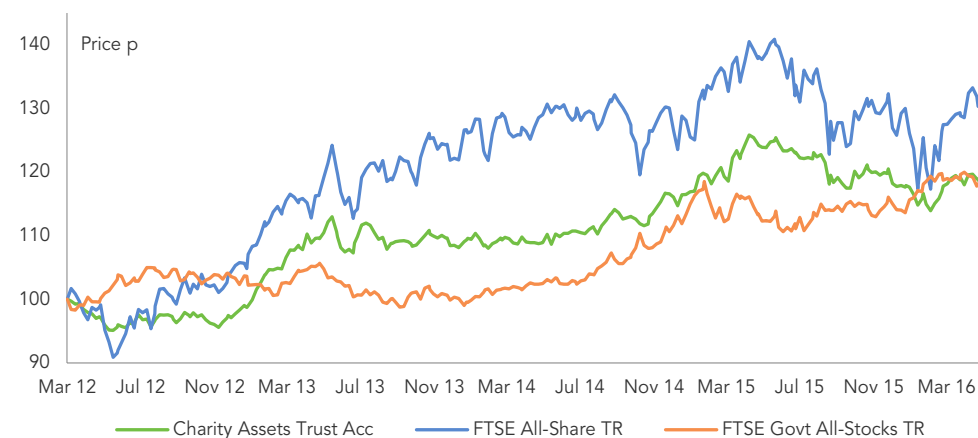
Investment objective

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 %	April 2016	Year to date	1 year	3 years	5 years	10 years
Accumulation units	-0.2	0.8	-4.3	8.4	na	na
Percentage growth		%				
31 Mar 2015 – 31 Mar 2016		-2.5				
31 Mar 2014 – 31 Mar 2015		11.6				
31 Mar 2013 – 31 Mar 2014		1.1				
31 Mar 2012 – 31 Mar 2013		9.3				
31 Mar 2011 – 31 Mar 2012		na				

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.

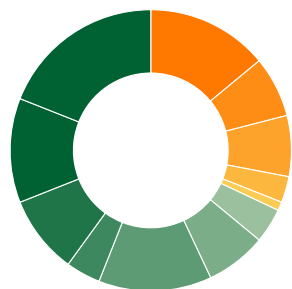
Share price as at 29 April 2016 p

Accumulation 118.85

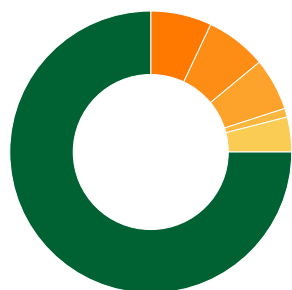
Income 109.45

Charity Assets Trust as at 29 April 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	19	● Japan equities	14
● Index-linked gilts	12	● North America equities	7
● Long dated index-linked	9	● UK equities	7
● Short-dated bonds	4	● Europe equities	3
● Cash	13	● Asia ex-Japan equities	1
● Gold and gold equities	7		
● Illiquid strategies	4		



Currency allocation	%
● Sterling	75
● US dollar	7
● Gold	7
● Yen	6
● Euro	1
● Other	4

5 largest of 14 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.0
US TIPS 1.125% 2021	5.8
UK Treasury index-linked 0.125% 2024	4.9
UK Treasury index-linked 1.875% 2022	4.9
UK T-Bill 0% 2016	4.5

Source: Ruffer LLP

5 largest of 45 equity holdings*

Stock	% of fund
Nomura Real Estate	1.6
Dai-ichi Life Insurance	1.6
Novartis	1.5
Sony	1.5
Silver Wheaton	1.4

* Excludes holdings in pooled funds

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Fund size £67.5m

Fund information

Ongoing Charges Figure	1.19
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.4
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 30 April 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which charities represented £2.0bn.

Dealing line

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