

Charity Assets Trust

Positive absolute returns with low volatility for charities

During April the fund price rose by 0.1%. This compares with a fall of 0.4% in the FTSE All-Share Index and a rise of 0.2% in the FTSE All-Stocks Index (both figures total returns in sterling).

April saw a major shock for the UK political commentariat as, against expectations and with no prior leak Prime Minister Theresa May announced a snap UK general election for 8 June. Sterling, which has been the lightning conductor for sentiment towards the UK since last year's EU vote, rallied on the news as investors moved to price in the possibility of some element of transitional arrangements after the UK's exit. The fund continues to have a substantial exposure to sterling; as well as considering the UK's currency undervalued, we continue to find few attractive protective qualities in other currencies that would justify holding them.

Across the English Channel there was an almost equal surprise, in that the first round of voting for the French presidential election actually produced an outcome in line with the pollsters. If that phenomenon repeats itself, then at the time of writing the centrist candidate, M. Macron, should defeat Mme. Le Pen from the Front National in the run off to become president. While eurozone equity markets surged in relief following the first round results, it remains unclear whether the political novelty of M. Macron will overcome the likelihood that the French parliamentary elections next month produce an outcome that results in a period of impasse and gridlock, thereby delaying much-needed reform.

Away from political developments, what seems clear is that while economies may not be growing at the rates desired by politicians and electorates, they continue in general to heal. The US economy, although experiencing its now seemingly customary first quarter softness continues to chug along, eurozone indicators are at a six-year high, and while the Chinese economy might have long-term structural issues, it presently continues to defy talk of an abrupt cyclical slowdown. The exception to this might be the UK, where the return of inflation appears to be dulling consumers' enthusiasm via stagnant real earnings. Taken together these factors encourage us to keep the faith in terms of our equity selection, favouring financial and cyclical exposure over 'bond-like' equities, even while admitting that such a view has not been rewarded so far this year.

Scepticism around growth is clearly most rife in relation to the US. Fading hopes for imminent tax cuts, coupled with resounding silence on possible infrastructure spending, have prompted a rethink as to whether the arrival of President Trump genuinely represents a major change. We continue to believe that the next chapter of the post-crisis narrative will involve greater involvement by government, with all the inflation risk inherent in a growing role for fiscal policy. In the meantime, inflation indicators in most jurisdictions are coming in higher than forecast, sharpening policy dilemmas for central banks. All of this speaks to a risk of higher volatility in markets, as well as cementing our view that inflation-linked bonds must sit at the core of our asset allocation for the foreseeable future.

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



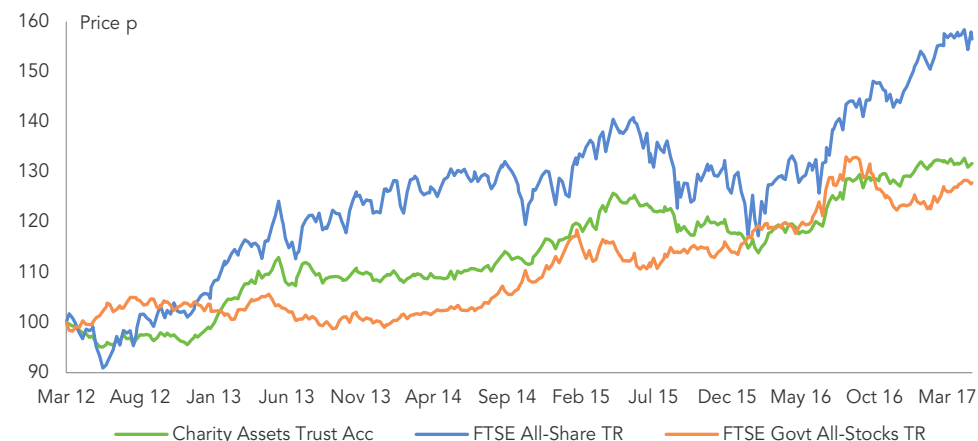
Investment objective

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.

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 2017	Year to date	1 year	3 years	5 years	10 years
Accumulation units	0.1	1.1	10.8	21.1	35.4	na
Percentage growth		%				
31 Mar 2016 – 31 Mar 2017		10.5				
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				

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.

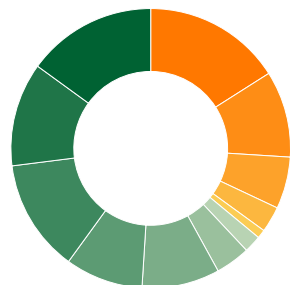
Share price as at 28 April 2017 p

Accumulation 131.68

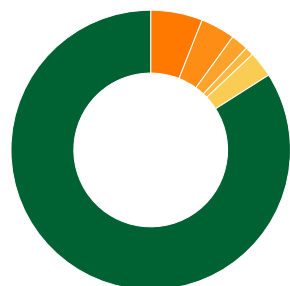
Income 118.86

Charity Assets Trust as at 28 April 2017

Portfolio structure



Asset allocation	%		%
● Index-linked gilts	15	● Japan equities	16
● Long-dated index-linked gilts	13	● UK equities	10
● Non-UK index-linked	12	● North America equities	6
● Cash	9	● Europe equities	3
● Short-dated bonds	9	● Asia ex-Japan equities	1
● Gold and gold equities	4		
● Illiquid strategies	2		



Currency allocation	%
● Sterling	84
● Yen	6
● Gold	4
● US dollar	2
● Euro	1
● Other	3

5 largest of 15 bond holdings

Stock	% of fund	Stock	% of fund
UK Treasury bill 0% 2017	8.7	Lloyds Banking Group	2.0
UK Treasury index-linked 0.5% 2050	6.7	Dai-ichi Life Insurance	1.9
US TIPS 1.125% 2021	5.4	Sony	1.5
UK Treasury index-linked 0.125% 2024	4.5	ORIX	1.4
UK Treasury index-linked 1.875% 2022	4.3	Mizuho Financial	1.4

Source: Ruffer LLP

5 largest of 59 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.0
Dai-ichi Life Insurance	1.9
Sony	1.5
ORIX	1.4
Mizuho Financial	1.4

* Excludes holdings in pooled funds

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Fund size £82.3m

Fund information

Ongoing Charges Figure	1.19
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.3
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 28 April 2017, assets managed by the Ruffer Group exceeded £21.1bn, of which charities represented £2.0bn.

Dealing line

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