

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During July the fund price rose by 1.6%. This compared with an increase of 2% in the FTSE All-Share Index and a gain of 2.1% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Equity and bond markets are once again sending conflicting messages. Global bond yields began the month at lows not seen since 2016, with over \$13 trillion of bonds continuing to trade at negative yields. In the US this was largely attributed to concerns that the economy is heading for a recession, making investors increasingly comfortable the Federal Reserve would, at the very least, provide a 0.25% interest rate cut at the end of the month. This downward trend in yields provided support for gold bullion and the fund's gold miners performed well over the month. Despite these recessionary fears, the message from equity markets was much rosier. The US stock market continued to trace new highs in the month as financial conditions loosened and investors gained confidence that lower US interest rates were a certainty. This momentum supported the fund's equities. A number of companies, such as Sony and Man Group, performed particularly well on the back of strong results. In corporate credit markets, interest rate spreads narrowed, indicating a willingness to lend to corporations at increasingly low rates, further contradicting the aforementioned recessionary fears.

In the UK, political uncertainty continues to dominate market sentiment. Despite the confident rhetoric from a new and emboldened prime minister, investors remain none the wiser as to how the process of leaving the European Union will unfold over the next six months. Sterling therefore continued to trend downwards, hitting a two year low as the probability of a no-deal Brexit increased. This currency move fed through to higher inflation expectations which were only boosted further by talk of loosening the fiscal policy purse strings from the new chancellor. Such fiscal loosening in the current low interest rate environment would be beneficial for the fund's index-linked bonds. We believe the risk of a positive surprise in the UK political landscape is underappreciated by investors and seek to maintain a balanced exposure that avoids making a one way bet, through sterling, domestic equities and inflation-linked gilts.

For the time being, financial conditions remain loose enough to support asset prices. This may well continue, especially if global central banks embark on a tit-for-tat monetary policy easing cycle. However, Brexit, the ongoing trade war, and a slowing global manufacturing sector represent a collection of exogenous risk factors that could upset the appcart. At its month end meeting, the US Federal Reserve produced a single 0.25% policy rate cut with little promise of more, seemingly not enough to fully insure asset markets against these shocks. This leaves asset prices vulnerable to changes in investor sentiment and we began trimming the fund's equity exposure towards the end of the month, recognising that equities have become increasingly reliant on resolute support from central banks. The fund's protective positions, although down over the month, remain vital should investors lose faith in the commitment, or ability, of central banks to continue to act as a backstop.

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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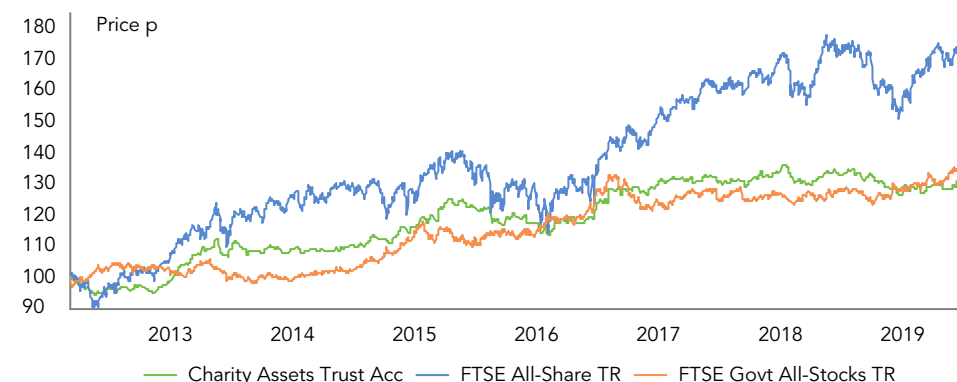
## Investment objective

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 %	July 2019	Year to date	1 year	3 years	5 years
Accumulation units	1.6	5.3	-0.9	5.9	20.0

Percentage growth	%	Unit price as at 31 July 2019	p
30 Jun 2018 – 30 Jun 2019	-1.8	Accumulation	133.24
30 Jun 2017 – 30 Jun 2018	1.9	Income	115.54
30 Jun 2016 – 30 Jun 2017	6.9		
30 Jun 2015 – 30 Jun 2016	-0.3		
30 Jun 2014 – 30 Jun 2015	11.1		

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 Jul 2019

## Asset allocation



## Currency allocation



### Asset allocation %

Long-dated index-linked gilts	16.7
Non-UK index-linked	13.8
Short-dated bonds	8.0
Gold and gold equities	7.7
Illiquid strategies and options	6.0
Cash	4.6
Index-linked gilts	1.6

North America equities	14.1
UK equities	11.1
Japan equities	10.9
Europe equities	3.7
Asia ex-Japan equities	1.6
Other	0.1

### Currency allocation %

Sterling	76.2
Yen	8.0
Gold	7.7
US dollar	2.8
Euro	1.8
Other	3.6

## 10 largest of 63 equity holdings\*

Stock	% of fund
Walt Disney Company	2.9
iShares Physical Gold	2.2
Sony	1.9
Wheaton Precious Metals	1.8
Barrick Gold	1.7
General Motors	1.5
Kinross Gold	1.5
Tesco	1.4
Dai-ichi Life Insurance	1.3
ORIX	1.3

## 5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	5.9
US Treasury 1.125% TIPS 2021	5.3
UK Treasury index-linked 0.125% 2068	5.3
UK Treasury index-linked 0.375% 2062	3.3
US Treasury TIPS 1.25% 2020	3.2

\*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 **£121.5m**

## Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.98
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

	Accumulation	Income
ISIN	GB00B740TC99	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 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 June 2019, assets managed by the Ruffer Group exceeded £20.7bn.

## Dealing line

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