

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During October the fund price fell by 1.0%. This compared with -1.4% in the FTSE All-Share Index and -1.8% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

October did not get off to a great start for equity investors. Data from the ISM surveys showed that activity in both the US services and manufacturing sectors was deteriorating. The global industrial slowdown is nothing new, but the prospect that this might be infecting the services sector boosted recessionary fears. Soon however, rare cooperation between world leaders gave cause for optimism. Trade relations between the US and China improved, with planned tariff increases postponed and talks gravitating towards a 'Phase 1' version of a deal. Mario Draghi, the outgoing president of the European Central Bank, called for more fiscal stimulus from eurozone governments to support the current monetary policy framework. In the UK, we crept closer to an exit from the European Union as the Withdrawal Agreement Bill secured a second reading. However, the bill was put on hold after the House failed to agree a timetable for debating the remaining stages.

These developments were supportive for global stock markets and the fund's equities were positive contributors to performance. Two areas stood out. US healthcare enjoyed a particularly strong month, as the implementation of an NHS-style system in the US began to look less viable. In addition, the positive geopolitical developments fuelled a move upwards in long-dated bond yields which benefited the fund's cyclical equities, both in the US and UK. Given the extreme low levels that interest rates had reached it was no surprise to see a knee-jerk reaction as investors reconciled the implied negative signal with good news. We continue to believe that valuations in the cyclical area of equity markets contain too much pessimism. With the move higher in bond yields, the portfolio's index-linked gilts were the principal detractors from performance. In the UK, the cloud of Brexit uncertainty continues to clear and we are now also faced with an election where all major parties are promising a spending boost. These factors could lead to a resumption of business investment and overseas interest not seen in size since the referendum. We have increased exposure to UK domestic equities given the bout of real economic growth which could follow this.

Over the month some significant risks waned and investors have more optimism heading into the end of the year. However, underlying fragilities remain. Loose monetary policy continues to prop up equity markets; at the end of the month, the US Federal Reserve added a third rate cut to this current cycle. What is interesting is how stretched equity valuations have become. 'Growth' companies, which benefit from an environment of low interest rates for longer, continue to trade richer than those exposed to the economic cycle, which are shunned. We see opportunities in undervalued cyclical equities which should benefit from even a slight improvement in economic conditions. In addition, the fragilities we fear in corporate credit markets remain. In its latest financial stability report, the IMF highlighted the rise in corporate debt burdens and the risk of liquidity problems in the sector. The fund continues to be protectively biased, whilst holding a potent selection of equities to benefit from any sustained rally.

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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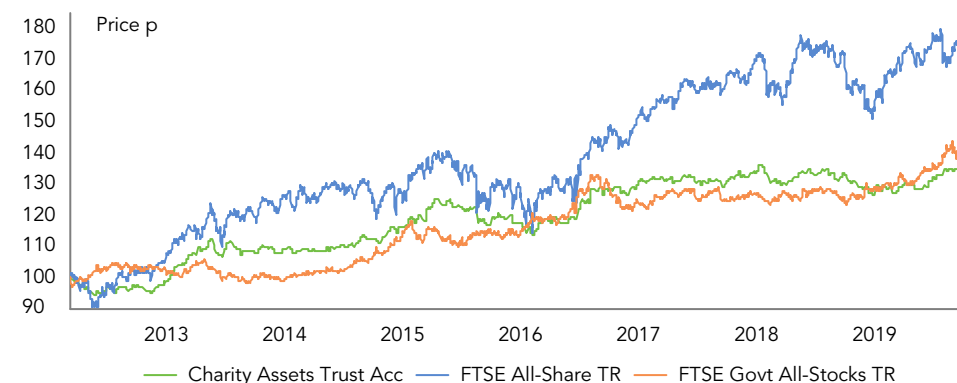
## Investment objective

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 %	October 2019	Year to date	1 year	3 years	5 years
Accumulation units	-1.0	4.9	1.2	2.5	17.6

Percentage growth	%	Unit price as at 31 October 2019	p
30 Sep 2018 – 30 Sep 2019	0.3	Accumulation	132.80
30 Sep 2017 – 30 Sep 2018	2.6	Income	114.54
30 Sep 2016 – 30 Sep 2017	1.7		
30 Sep 2015 – 30 Sep 2016	9.3		
30 Sep 2014 – 30 Sep 2015	3.9		

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 Oct 2019

## Asset allocation



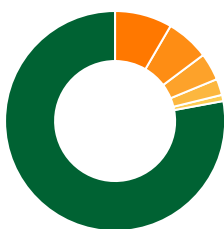
## Asset allocation %

● Non-UK index-linked	17.5
● Cash	15.7
● Long-dated index-linked gilts	10.4
● Illiquid strategies and options	8.7
● Gold and gold equities	6.5
● Index-linked gilts	1.7
● UK equities	13.1
● North America equities	12.9
● Japan equities	7.9
● Europe equities	4.1
● Asia ex-Japan equities	1.6
● Other	0.1

## Currency allocation

● Sterling	77.8
● Yen	8.4
● Gold	6.5
● Euro	2.2
● US dollar	1.1
● Other	4.0

## Currency allocation



## 10 largest of 62 equity holdings\*

Stock	% of fund
iShares Physical Gold	2.5
Walt Disney Company	2.0
General Motors	1.9
Celgene Corporation	1.7
Sony	1.6
Kinross Gold	1.5
Tesco	1.4
Cigna Corporation	1.2
Equinor	1.1
ORIX Corporation	1.1

## 5 largest of 13 bond holdings

Stock	% of fund
US Treasury 1.125% TIPS 2021	5.3
UK Treasury index-linked 0.125% 2068	3.8
US Treasury TIPS 1.25% 2020	3.6
UK Treasury index-linked 0.5% 2050	3.6
US Treasury 0.625% TIPS 2021	2.6

\*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 **£116.6m**

## Fund information

Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	2.02
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 September 2019, assets managed by the Ruffer Group exceeded £20.4bn.

## Dealing line

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