

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During January, the fund price rose by 3%. This compared with a rise of 4.2% in the FTSE All-Share Index and an increase of 1.1% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

As they entered the new year, the question for many investors was whether the market woe towards the end of 2018 represented no more than a brief, routine correction or the beginning of something more ominous for financial assets. Some traditional recessionary signals, such as the US yield curve, were beginning to flash amber and mounting fears over a global economic slowdown certainly pointed to the latter. However, for much of January investors were granted a degree of respite. Renewed optimism was attributed to reduced friction between the US and China, the end of the longest US government shutdown in history and, most significantly, comments made by Jerome Powell, chair of the US Federal Reserve. He, and other members of the Federal Reserve, took many opportunities throughout the month to hint at their ability to suspend the tightening of US monetary policy, if necessary. Risk assets, such as equities, were buoyed by this market-friendly positioning from the Federal Reserve in the view that interest rates have now reached their peak and US quantitative tightening will soon be ending.

The equities in the fund were therefore the main contributors to the positive performance this month and the cyclical bias, in areas such as industrials and automotives, was particularly beneficial. These areas remain on attractive valuations and have the potential to perform well should the market continue to regain momentum. The fund's inflation-linked bonds also added to performance, fueled by falling interest rate expectations and global economic data which was stronger than expected. Equally, in a month when investors began to regain their risk appetite, the other protective assets in the fund detracted from performance. However, as the underlying issues that unsettled markets in 2018 are still very much present, these assets remain a vital part of the fund's allocation. Concerns about credit are increasingly entering the mainstream market commentary and Mark Carney of the Bank of England recently expressed concern with the rapid pace of growth in the leveraged loan market. We continue to believe that corporate credit represents the epicentre of risk for asset prices. This growth has coincided with a significant deterioration in loan terms, usually in place to protect investors, and many highly-gearred companies are now positioned on the precipice of default should credit markets deteriorate. If we begin to see investors lose faith in low grade credit, the protective assets should perform well and help to preserve capital within the fund. We believe the current market bounce lacks true conviction and any recovery may not be sustained as it has previously. In particular, quantitative tightening remains the central protagonist in our concerns over deteriorating liquidity conditions and asset prices. Markets have, for now, become comfortable that Jerome Powell is on their side and the antics of December are behind us, but the Federal Reserve's true concern will be the inflationary pressures continuing to feed through from the tight US labour market. With average hourly earnings accelerating at their fastest pace since 2009 in January, the tightening path ultimately looks set to continue.

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



January 2019 Issue 83

## 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 %	January 2019	Year to date	1 year	3 years	5 years
Accumulation units	3.0	3.0	-2.6	11.8	20.2

Percentage growth	%	Unit price as at 31 January 2019	p
31 Dec 2017 – 31 Dec 2018	-5.6	Accumulation	130.41
31 Dec 2016 – 31 Dec 2017	3.0	Income	114.31
31 Dec 2015 – 31 Dec 2016	10.5		
31 Dec 2014 – 31 Dec 2015	1.2		
31 Dec 2013 – 31 Dec 2014	6.5		

Source: Ruffer LLP, FTSE International (FTSE) †

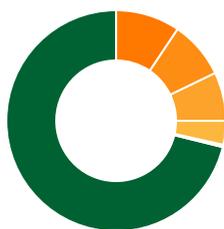
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# Charity Assets Trust as at 31 Jan 2019

## Asset allocation



## Currency allocation



## Asset allocation %

Non-UK index-linked	26.7
Long-dated index-linked gilts	13.7
Cash	8.6
Gold and gold equities	8.5
Illiquid strategies and options	7.5
Index-linked gilts	1.8
UK equities	10.9
Japan equities	9.3
North America equities	8.8
Europe equities	2.2
Asia ex-Japan equities	1.8
Other	0.1

## Currency allocation %

Sterling	71.1
US dollar	9.4
Gold	8.5
Yen	7.0
Euro	0.5
Other	3.5

## 10 largest of 56 equity holdings\*

Stock	% of fund
iShares Physical Gold	2.6
Barrick Gold	1.8
Wheaton Precious Metals	1.8
Dai-ichi Life Insurance	1.6
Walt Disney Company	1.6
Tesco	1.6
Kinross Gold	1.4
Sony	1.3
ORIX	1.2
Cigna Corporation	1.0

## 5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	5.8
US Treasury 1.125% TIPS 2021	4.8
US Treasury 0.625% TIPS 2024	4.6
US Treasury 0.125% TIPS 2023	4.6
UK Treasury index-linked 0.125% 2068	3.8

\*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 **£101.4m**

## Fund information

Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.87
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 31 December 2018, assets managed by the Ruffer Group exceeded £20.9bn.

## Dealing line

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