

Charity Assets Trust

Positive absolute returns with low volatility for charities

During June, the fund price rose by 3.3%. This compared with a rise of 2.8% in the FTSE All-Share Index and a rise of 5.6% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

As we entered June the fund's overall exposure to equities stood at the lower-end of Ruffer's twenty-one year range – in the order of one third of total assets. Our already cautious view of the global economic outlook, combined with our circumspect view of the re-ratings seen in western equity markets over the past few years, had informed our increasing bias towards protective assets since the start of 2015. Our approach during the month, as markets oscillated around the unreliable noises from the polling companies, had thus been to continue to seek protection for the fund rather than taking aggressively speculative currency positions on the binary outcome of the Brexit vote.

The additional uncertainty unleashed post the Brexit vote inevitably challenges the already fragile global recovery and the efforts of the global authorities to successfully reflate the economy. The immediate transmission mechanism for negative sentiment has been the level of sterling, and here the fund has benefited from its partially unhedged yen position and its gold-related investments. In addition, with the spotlight of uncertainty likely to focus on Europe as much as the UK, we continue to have only modest exposure to European equities and no meaningful euro exposure.

The immediate impact of this new uncertainty and the current lack of clarity as to the timing of the 'Article 50' trigger is to add to the pre-existing global deflationary pressures. As such, global yields have fallen significantly, positively impacting the fund's index-linked positions. These include significant exposure to long-dated index-linked gilts which have responded strongly to events and thus helped offset the downward pressure on global equities. Should pressure on sterling be sustained, we would also expect rising inflationary expectation to continue to boost our shorter-dated index-linked gilts.

Our medium-term prognosis is that the global authorities will come under increasing pressure to supplement monetary policy with fiscal stimulus. With Brexit likely to aggravate rather than abate existing deflationary pressures, the use of fiscal stimulus is likely to be pushed higher up the agenda. We would expect Japan, where we maintain a significant part of our equity exposure to be an 'early mover' in this trend. With the Japanese election scheduled for early July, a policy announcement to the extent of at least a ¥10 trillion stimulus package is widely muted and we continue to maintain a domestic bias within our Japanese equity positions.

Brexit is evidently a disruptive event in the near term but it does not, in our view, alter how we believe the global authorities will address the ongoing global problem of anaemic economic growth coupled with a high debt. Although it may speed their response up. As such, at the portfolio level, we continue to juxtapose growth seeking assets and protective assets with a bias still very much in favour of the latter.



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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



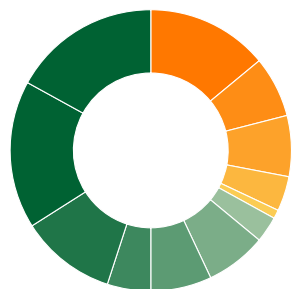
Performance %	June 2016	Year to date	1 year	3 years	5 years	10 years
Accumulation units	3.3	4.0	-0.3	12.7	na	na
Percentage growth		%				
30 Jun 2015 – 30 Jun 2016		-0.3				
30 Jun 2014 – 30 Jun 2015		11.1				
30 Jun 2013 – 30 Jun 2014		1.7				
30 Jun 2012 – 30 Jun 2013		12.6				
30 Jun 2011 – 30 Jun 2012		na				

Source: Ruffer LLP

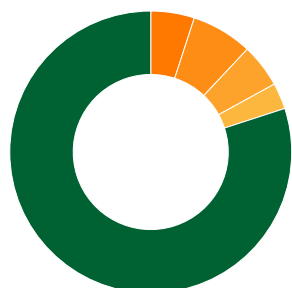
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Charity Assets Trust as at 30 June 2016

Portfolio structure



Asset allocation	%		%
● Index-linked gilts	17	● Japan equities	14
● Non-UK index-linked	17	● North America equities	7
● Long dated index-linked	11	● UK equities	7
● Short-dated bonds	5	● Europe equities	4
● Gold and gold equities	7	● Asia ex-Japan equities	1
● Cash	7		
● Illiquid strategies	3		



Currency allocation	%
● Sterling	80
● Gold	7
● US dollar	5
● Yen	5
● Other	3

5 largest of 14 bond holdings

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.9	Newcrest Mining	1.8
US TIPS 1.125% 2021	6.2	Sony	1.8
UK Treasury index-linked 0.125% 2024	5.1	Silver Wheaton	1.7
UK Treasury index-linked 0.125% 2019	5.0	Novartis	1.7
UK Treasury index-linked 1.875% 2022	5.0	Oracle	1.6

5 largest of 48 equity holdings*

Stock	% of fund
Newcrest Mining	1.8
Sony	1.8
Silver Wheaton	1.7
Novartis	1.7
Oracle	1.6

Source: Ruffer LLP

* Excludes holdings in pooled funds

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Fund size £69.1m

Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.5
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	Income
	GB00B740TC99	GB00B7F77M57

SEDOL	B740TC9	B7F77M5
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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 June 2016, assets managed by the Ruffer Group exceeded £18.5bn, of which charities represented £2.0bn.

Dealing line

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