

Charity Assets Trust

Positive absolute returns with low volatility for charities

During October, the fund price fell by 1.9%. This compared with a fall of 5.4% in the FTSE All-Share Index and an increase of 2.8% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

October has once again cemented its reputation as a spooky month for markets, with equities around the world tumbling and investors scrambling for explanations. Much of the blame rests with the indigestion caused by rapidly rising real interest rates. This has threatened the assumption of cheap money, which arguably market valuations have been predicated on for years. President Trump continues to make clear his discontent with this matter, but as yet the US Federal Reserve has shown no intention of slowing its tightening cycle. Therefore whilst the US economy remains robust, yields continue to rise, the dollar remains strong and since the end of September, quantitative tightening has increased to \$50 billion a month. Against this backdrop of tightening financial conditions, other 'tail risks' are brewing. Tensions are escalating between the EU and Italy; the Brexit process is becoming ever more pressing and Saudi Arabia may have pushed the boundaries of international order too far. All of this makes for a troubling backdrop for investors.

As a result global markets fell and with few places to hide, the fund's equities have struggled. Defensive names were relative outperformers during the initial weeks and the fund capitalised on this moment in the sun, by rotating exposure into oversold cyclical equities. These stocks beaten up by an array of fears over trade wars, a slowdown in Chinese demand and a potential recession, are now far more likely to benefit from any relief in equity markets. We have already seen some evidence of this with General Motors leading an equity bounce towards the end of the month, on the back of strong earnings and a supportive Chinese automotive tax cut. For the time being, traditional safe haven assets have offered some solace, with bonds offsetting some of the short term equity moves. The fund's index-linked bonds were therefore positive contributors to performance as yields fell after the worst of the sell-off and UK inflation expectations remained robust. However, this offsetting relationship has been elusive for most of the year. Bonds and equities have moved in tandem and we fear a positive correlation is likely to continue as investors adopt a more inflationary mind-set.

There is a possibility that financial markets find their feet, emboldened by a ramping up of China's domestic fiscal reflation efforts, the calming of European tensions or a change in signalling from the Federal Reserve. The fund's equities remain well positioned to benefit in such an environment and indeed, markets regained some stability towards the end of the month. However, there is little doubt that this represents the beginning of a regime change and a critical junction for markets. A world in which 'there is no alternative' to investing in risky assets is rapidly being replaced by one in which investors can get a risk-free real return from developed government bonds. Such a trend is set to continue as other central banks follow the Federal Reserve on their tightening path, exemplified by the European Central Bank affirming their aim to end quantitative easing in December. We therefore remain focused on these key risks in markets and retain a bias towards protective assets for such events.

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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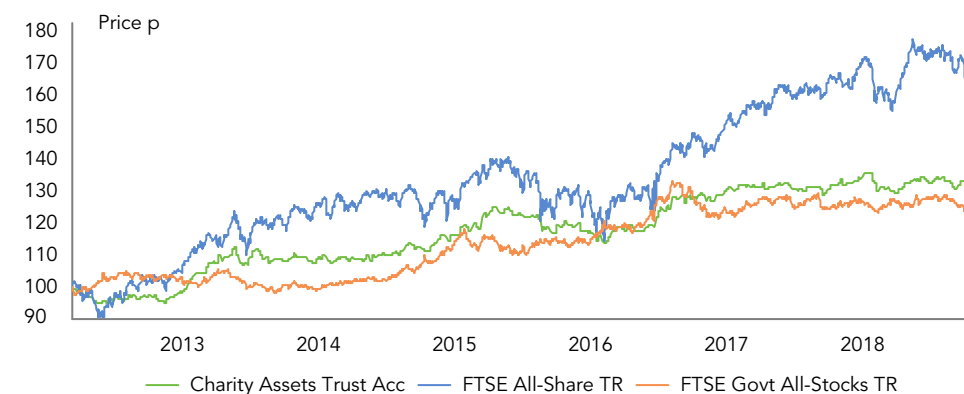
Investment objective

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.

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 %	October 2018	Year to date	1 year	3 years	5 years
Accumulation units	-1.9	-2.1	-0.9	9.1	19.1

Percentage growth	%	Unit price as at 31 October 2018	p
30 Sep 2017 – 30 Sep 2018	2.6	Accumulation	131.33
30 Sep 2016 – 30 Sep 2017	1.7	Income	115.62
30 Sep 2015 – 30 Sep 2016	9.3		
30 Sep 2014 – 30 Sep 2015	3.9		
30 Sep 2013 – 30 Sep 2014	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 2018

Asset allocation



Asset allocation %

● Non-UK index-linked	16.7
● Long-dated index-linked gilts	14.6
● Gold and gold equities	7.1
● Cash	7.0
● Short-dated bonds	6.0
● Index-linked gilts	6.0
● Illiquid strategies and options	4.4
● Japan equities	13.6
● UK equities	11.0
● North America equities	9.4
● Europe equities	2.4
● Asia ex-Japan equities	1.7
● Other	0.1

Currency allocation %

● Sterling	62.9
● US dollar	15.6
● Yen	10.2
● Gold	7.3
● Euro	0.4
● Other	3.6

Currency allocation



10 largest of 58 equity holdings*

Stock	% of fund
iShares Physical Gold	2.6
Dai-ichi Life Insurance	2.0
Mitsubishi UFJ Financial	2.0
Tesco	1.6
Sony	1.5
Walt Disney Company	1.5
ORIX	1.5
Barrick Gold	1.3
Kinross Gold	1.1
Resona	1.1

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.2
UK T-Bill 2018	6.0
US Treasury 1.125% TIPS 2021	5.1
UK Treasury index-linked 0.125% 2068	4.1
UK Treasury index-linked 0.125% 2019	4.1

*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 **£97.6m**

Fund information

	%
Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.7
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

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

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 September 2018, assets managed by the Ruffer Group exceeded £21.8bn.

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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).

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL
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