

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During February, the fund price fell by 2.4%. This compared with a rise of 2.3% in the FTSE AllShare Index and a fall of 0.9% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Geo-political matters are not a new concern for markets but during February two events, namely Brexit and the US trade war with China, loomed large in the minds of investors as both approached a crunch point. In the UK, momentum appeared to gather behind the avoidance of a 'no deal' exit. If nothing else, there is now some clarity as to the key dates ahead and overall, the odds attached to the Brexit outcome have tilted slightly towards that of a deal or delay. These developments were taken warmly by the domestic stock market and sentiment towards sterling and UK assets improved. The UK stocks in the fund, particularly the domestic banks, performed well and we took some profits in this area. This improvement in the prospects for the UK economy saw interest rate expectations tick up over the month, which hurt our index-linked gilts. Gold investments and the fund's protective strategies also contributed to the negative performance as investors' risk appetite increased.

Apparent progress in the negotiations between the US and China added comfort, with the most positive news being an announcement from Donald Trump that he will delay the imposition of further tariffs beyond his 1 March deadline. This was coupled with data suggesting that the extensive easing measures by the Chinese government to stimulate the economy are finally having an impact. Such news flow is supportive of a Chinese reflation narrative and alleviates concerns over such a rapid deterioration in the global economy. All told, this has led to an astonishing month of performance for Chinese equities and the fund's small exposure to the Asia ex-Japan region performed positively in light of this.

Risk assets have staged a strong recovery so far this year, and sentiment has swung far from the extreme pessimism of the Christmas period. Much of this began with the US Federal Reserve, which has frequently taken the opportunity to reiterate its patient stance on interest rate moves and ability to be flexible with quantitative tightening. Markets have become accustomed to such a stance and now appear acutely focused on near term political risk. Positive surprises from Europe, along with continued stimulus from China, could well support a further equity bounce in the near future. In such an environment, we have the equities to participate and during the month, we increased exposure to European industrial and cyclical companies, which should benefit from an improvement in EU sentiment.

However, the structural fragilities in markets remain and the illusion of liquidity continues to be the key risk for investors, particularly in the corporate credit sector. The US Federal Reserve is continuing to shrink their balance sheet but remains reluctant to be pre-emptive with interest rates. If the global economy does have a second wind, inflationary pressures could put their monetary policy stance at an awkward impasse once again. We remain biased towards protection, including those strategies that will benefit during a liquidity driven credit correction.

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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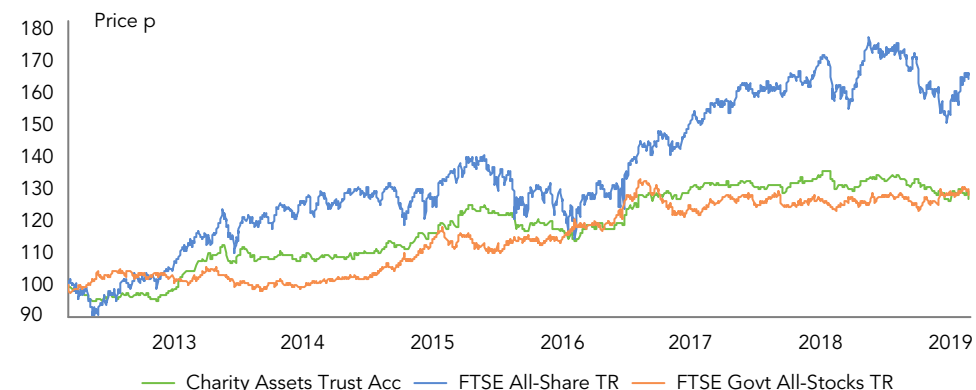
## Investment objective

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 %	February 2019	Year to date	1 year	3 years	5 years
Accumulation units	-2.4	0.4	-3.6	8.8	16.4

Percentage growth	%	Unit price as at 28 February 2019	p
31 Dec 2017 – 31 Dec 2018	-5.6	Accumulation	127.23
31 Dec 2016 – 31 Dec 2017	3.0	Income	111.52
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 28 Feb 2019

## Asset allocation



### Asset allocation %

Non-UK index-linked	25.9
Long-dated index-linked gilts	13.3
Cash	8.7
Illiquid strategies and options	6.8
Gold and gold equities	6.6
Index-linked gilts	1.8
UK equities	10.9
North America equities	10.4
Japan equities	8.5
Europe equities	5.2
Asia ex-Japan equities	1.8
Other	0.1

### Currency allocation %

Sterling	73.1
Gold	7.1
Yen	6.6
US dollar	6.5
Euro	2.0
Other	4.7

## Currency allocation



## 10 largest of 59 equity holdings\*

Stock	% of fund
iShares Physical Gold	1.9
Walt Disney Company	1.7
Tesco	1.6
Dai-ichi Life Insurance	1.5
Barrick Gold	1.5
General Motors	1.4
Wheaton Precious Metals	1.4
Kinross Gold	1.3
Sony	1.2
ORIX	1.2

## 5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	5.7
US Treasury 1.125% TIPS 2021	4.6
US Treasury 0.625% TIPS 2024	4.5
US Treasury 0.125% TIPS 2023	4.4
UK Treasury index-linked 0.125% 2068	3.7

\*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 **£100.3m**

## Fund information

	%
Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.92
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 January 2019, assets managed by the Ruffer Group exceeded £21.1bn.

## Dealing line

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