

Charity Assets Trust

Positive absolute returns with low volatility for charities

During November the fund price fell by 0.5%. This compared with a rise of 0.6% in the FTSE All-Share Index and a rise of 0.9% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

The prospect of a US interest rate increase was put back on the pre-Christmas table following the release of US employment data for October. Having been dismissive of such a move just a month ago, financial markets now assume a 70% probability of a small nudge up in rates before the year-end. While rate rise expectations have risen, however, the ongoing pressure on commodity prices – copper at a six-year low and oil again below \$45 – leave markets with an ongoing sense of stuttering growth at best. Indeed, the latest missive from the Organisation for Economic Co-operation and Development (OECD) speaks of a familiar pattern: ‘spring-time optimism followed by downgrades in growth forecasts as the year progresses. 2015 is no different’.

Amidst this quagmire, European Central Bank (ECB) president Mario Draghi was keen to reassure markets that the ECB is on standby to provide further stimulus noting ‘that we must do what we must to raise inflation as quickly as possible’. It is notable that corporate bond issuance has remained robust with the longest sterling issue of the year, 40 year paper from British American Tobacco on a 4% yield being readily absorbed by the market, hardly confirming that investors feel that this ‘quagmire’ can be easily crossed.

The fund enters the final weeks of the year with equities below 40%. It is difficult to consider the cyclically adjusted valuation of US equities (cyclically adjusted price to earnings ratio (CAPE)) and not conclude that many equities are more than up with events at a time when the direction of travel for interest rates is clear, even if the short-term timing isn’t. Looking backwards, it is evident that the recent progression in US corporate earnings has in no small part been a derivative of cheap corporate credit at a time when sales growth has been somewhat illusive in many sectors. After another year of bumper corporate debt issuance, employed significantly for balance sheet adjustments (whereby companies assume higher debt levels to cancel shares), the quality of economic recovery as evidenced by companies actually selling more goods and services remains unconvincing. As such, with equity valuations at multi-year highs, we continue to see some prudence in an allocation to cash within the fund despite its derisory return.

After decades of economic wilderness for Japan and the relatively recent catalysts for change unleashed by Mr Abe, we do however, continue to regard Japanese equities as an encouraging prospect for the new year. We intend to retain the current bias towards Japanese equities albeit within a constrained overall equity weighting. Equally, we remain of the view that the potential for upward pressure on both inflation and volatility leaves protective assets as a key part of the fund’s overall strategy.

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



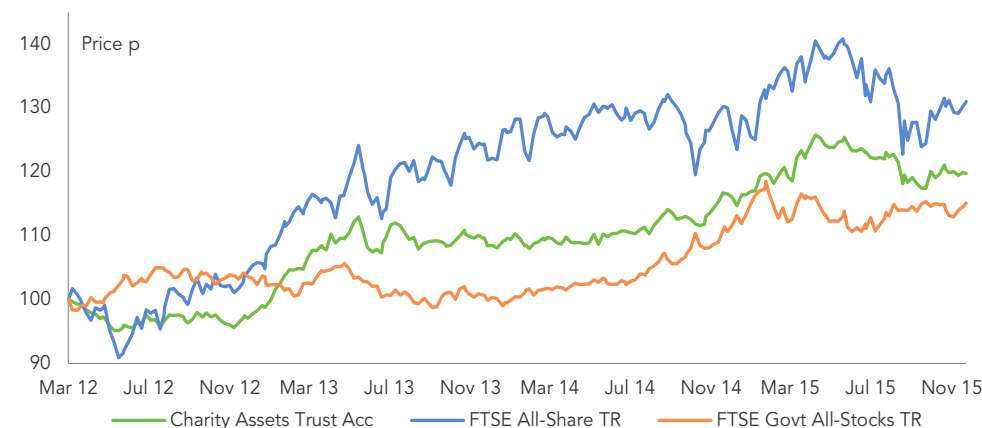
Investment objective

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



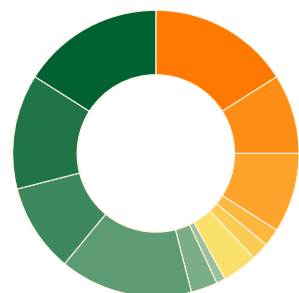
Performance %	November 2015	Year to date	1 year	3 years	5 years	10 years
Accumulation units	-0.5	2.9	2.7	22.9	na	na
Percentage growth		%				
			Share price as at 30 November 2015			p
30 Sep 2014 – 30 Sep 2015		3.9	Accumulation			119.78
30 Sep 2013 – 30 Sep 2014		3.9	Income			111.33
30 Sep 2012 – 30 Sep 2013		11.8				
30 Sep 2011 – 30 Sep 2012		na				
30 Sep 2010 – 30 Sep 2011		na				

Source: Ruffer LLP

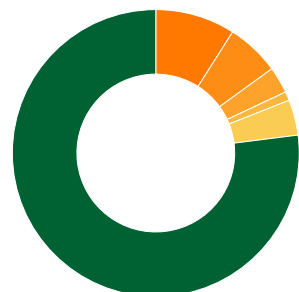
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Charity Assets Trust as at 30 November 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	16	● Japan equities	16
● Index-linked gilts	13	● North America equities	9
● Long dated index-linked gilts	10	● UK equities	9
● Cash	15	● Europe equities	2
● Gold and gold equities	3	● Asia ex Japan equities	2
● Floating-rate notes	1	● Illiquid strategies	4



Currency allocation	%
● Sterling	77
● Yen	9
● US dollar	6
● Gold	3
● Euro	1

5 largest of 13 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.4
US TIPS 1.125% 2021	5.8
UK Treasury index-linked 0.125% 2024	5.2
UK Treasury index-linked 1.875% 2022	5.1
US TIPS 2.125% 2019	3.1

Source: Ruffer LLP

5 largest of 61 equity holdings*

Stock	% of fund
ETFs Physical Gold	2.2
Dai-ichi Life Insurance	2.2
Mitsubishi UFJ Financial	1.8
Sumitomo Mitsui Financial	1.8
Exxon Mobil	1.5

* Excludes holdings in pooled funds

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Fund size **£63.6m**

Fund information

		%
Ongoing Charges Figure		1.14
Annual management charge		1.0 + VAT
Maximum initial charge		1.0
Yield		1.4
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 GB00B740TC99	Income GB00B7F77M57
SEDOL	B740TC9	B7F77M5
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 November 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which charities represented £2.1bn.

Dealing line

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