

Charity Assets Trust

Positive absolute returns with low volatility for charities

During December, the fund price fell by 1.7%. This compared with a fall of 3.8% in the FTSE All-Share Index and an increase of 2.5% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

The marked deterioration seen in investor sentiment during December resulted in significant weakness in global equities and heightened volatility. Despite a robust showing from the fund's recently increased gold position (gold exposure produced a positive 0.75% input into monthly performance) and a positive input from the UK and US index-linked positions, these were insufficient to offset the weaknesses experienced in the fund's equity holdings. The increasingly bellicose tone of President Trump towards China over trade terms and growing concerns as to the sustainability of Chinese economic momentum created a negative backdrop for equities, particularly those exposed to more economically sensitive areas of the global economy. This proved unhelpful to the fund's equity exposure as the bias is towards areas such as cyclical and financial stocks. We remain of the view that such out of favour, 'value' areas of the stock market offer the best long-term risk/return profile within a market that has long favoured (and in our view, overvalued) more defensive economic sectors. That said, mounting macro-economic concerns did result in the fund's overall equity position being actively reduced during December.

In addition to the woes of the equity market, conditions within the credit market also deteriorated. This was particularly acute within the high yield segment which essentially seized up to new issuance in December amounting to what, at times, felt like the build-up to a potential end of cycle collapse across the major asset classes. On closer examination, the behaviour of financial markets and the recent sell-off in asset prices has been somewhat more orderly than the headlines might suggest, although 2018 closed with most major asset classes down for the year in dollar terms – itself an unusual event not seen since the early twentieth century. This is indicative of the highly correlated relationship between bonds and equities that has developed post the 2008 crisis under the policies of quantitative easing and super-loose monetary conditions. These have only recently started to tighten. As the interest rate cycle turned, the negative correlation on the downside has become more apparent, as has the need to seek unconventional protection.

Overall, it is disappointing to post a negative return for the calendar year given that capital preservation is at the heart of the fund's investment objective. We believe, however, that the tensions witnessed within credit markets over the past few months represent the epicentre of risk for financial markets. The recent performance of our protective investments against corporate debt markets and volatility, as well as gold, have been encouraging and heightened our conviction that we are appropriately positioned. A more disorderly market backdrop will inevitably create opportunities as others turn fearful, and our protective assets are well placed to deliver should market tensions exacerbate.

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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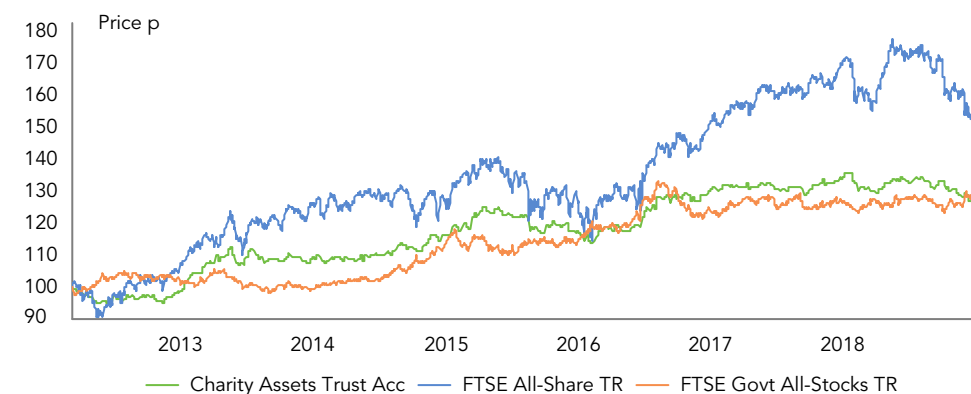
Investment objective

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 %	December 2018	Year to date	1 year	3 years	5 years
Accumulation units	-1.7	-5.6	-5.6	7.4	15.9

Percentage growth	%	Unit price as at 31 December 2018	p
31 Dec 2017 – 31 Dec 2018	-5.6	Accumulation	126.67
31 Dec 2016 – 31 Dec 2017	3.0	Income	111.51
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 Dec 2018

Asset allocation



Asset allocation %

Non-UK index-linked	29.9
Long-dated index-linked gilts	14.8
Gold and gold equities	9.2
Cash	5.8
Illiquid strategies and options	5.1
Index-linked gilts	2.0
UK equities	10.6
Japan equities	10.0
North America equities	8.6
Europe equities	2.1
Asia ex-Japan equities	1.8
Other	0.1

Currency allocation %

Sterling	72.5
Gold	9.1
US dollar	8.4
Yen	6.2
Euro	0.3
Other	3.6

Currency allocation



10 largest of 57 equity holdings*

Stock	% of fund
iShares Physical Gold	2.9
Wheaton Precious Metals	1.8
Dai-ichi Life Insurance	1.8
Kinross Gold	1.5
Tesco	1.5
Walt Disney Company	1.5
Barrick Gold	1.5
Sony	1.4
ORIX	1.4
DowDuPont	1.1

5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.3
US Treasury 1.125% TIPS 2021	5.4
US Treasury 0.625% TIPS 2024	5.1
US Treasury 0.125% TIPS 2023	5.1
UK Treasury index-linked 0.125% 2068	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 **£94.1m**

Fund information

	%
Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.74
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

	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

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 2018, assets managed by the Ruffer Group exceeded £21.1bn.

Dealing line **0344 892 0906**

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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).

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