

Charity Assets Trust

Positive absolute returns with low volatility for charities

During September the fund price fell by 1.7%. This compared with a fall of 2.7% in the FTSE All-Share Index and a gain of 1.2% in the FTSE Govt All-Stocks Index (both figures total returns in sterling).

As the summer sell-off in equity markets extended into September, hiding places from the down-draft created by the 'China scare' proved somewhat elusive. With investor sentiment continuing to deteriorate amidst further collapses in hard commodity prices, attempts to reduce risk were significantly redirected to Japan where unlike many of the emerging markets, abundant liquidity is readily on tap. This reaction resulted in Japanese equities forming the most significant drag on the fund's performance during the month. Indeed, it was notable that the peak of the Japanese equity market was coincident with the Chinese authority's adjustment of their currency back in August.

The chain reaction of plummeting hard commodity prices, pressure on emerging market currencies (Asian currencies closed the quarter at a six-year low), and freefalling equity markets illustrated a change in the timbre of financial markets from anticipating disinflationary growth to a scenario of deflationary bust. Ongoing uncertainties in emerging markets were seemingly an influencing factor in the Federal Reserve's decision in mid-September to postpone the interest rate rise anticipated by many market commentators.

In terms of our protective assets gold and options marginally aided performance, as did our recently added multi-strategies position that seeks to benefit from rising market volatility and widening credit spreads. From index-linked positions the overall monthly contribution was essentially flat. Should the current environment persist however, we believe long-dated index-linked bonds will re-emerge as a powerful offset, as the prospect of further stimulus from the major central banks and governments would almost certainly be pushed up the agenda. Meanwhile, as it becomes apparent that the recent deterioration in sentiment based on the 'deflationary bust' view is overplayed, we would expect to see something of a recovery in equity markets. Certainly, our take on the Chinese situation isn't universally bleak, and while the export position has been notably weaker for some time now, we can readily point to a notable pick-up in the domestic economy, particularly in the services sector.

Given the fund's meaningful position in Japanese equities we routinely undertake conviction reviews on the direction of both macro-economic and political developments in Japan as an adjunct to our regular visits to Japanese companies. A field trip to Japan in September led by our Chief Investment Officer and Head of Research has reaffirmed our positive view of that market. Japanese corporate profits are at all-time highs and importantly, the outlook as regards to future earnings progression remains firmly positive at a time when many other geographical areas appear more vulnerable to downward revisions in estimates. It is likely that the recent downdraft in global markets will present selective opportunities to purchase some oversold positions that are discounting a rather more negative outlook than we currently envisage. Equally, we are mindful that the global economy remains in a structurally vulnerable position hindered by a debt-overhang that will inevitably inhibit growth. This thought and our view on how the authorities will ultimately act, continues to cap our appetite for equities and underpins our desire to maintain defensive offsets – not least, index-linked bonds.

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



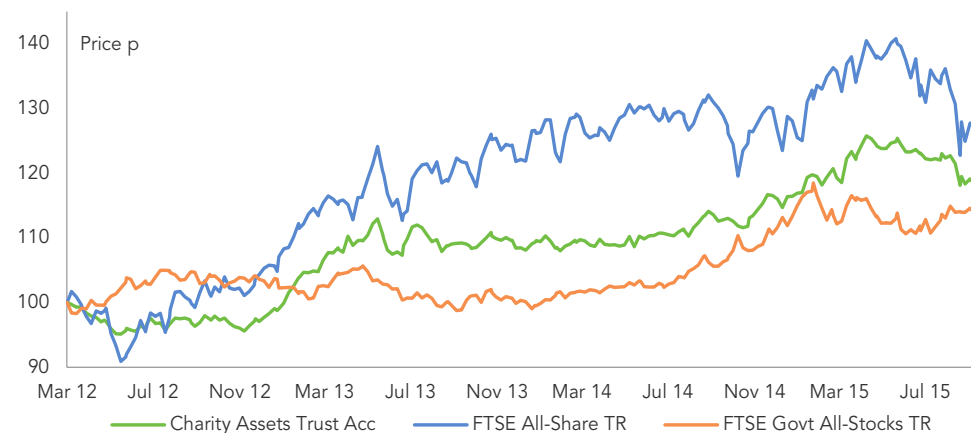
Investment objective

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 %	September 2015	Year to date	1 year	3 years	5 years	10 years
Accumulation units	-1.7	0.9	3.9	20.8	na	na
Percentage growth		%				
30 Sep 2014 – 30 Sep 2015		3.9				
30 Sep 2013 – 30 Sep 2014		3.9				
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.

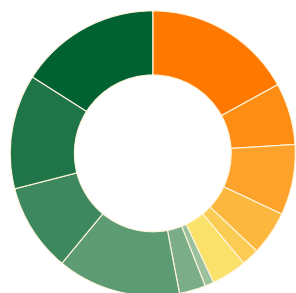
Share price as at 30 September 2015 p

Accumulation 117.45

Income 109.66

Charity Assets Trust as at 30 September 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	16	● Japan equities	17
● Index-linked gilts	13	● North America equities	7
● Long dated index-linked gilts	10	● UK equities	8
● Cash	14	● Europe equities	5
● Gold and gold equities	3	● Asia ex Japan equities	2
● Floating-rate notes	1	● Illiquid strategies	4



Currency allocation	%
● Sterling	76
● Yen	10
● US dollar	5
● Gold	3
● Other	6

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 70 equity holdings*

Stock	% of fund
ETFs Physical Gold	2.3
Dai-ichi Life Insurance	2.1
Sumitomo Mitsui Financial	1.8
Mitsubishi UFJ Financial	1.7
Nomura Real Estate	1.4

* Excludes holdings in pooled funds

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Fund size £60.5m

Fund information

		%
Ongoing Charges Figure		1.14
Annual management charge		1.0 + VAT
Maximum initial charge		1.0
Yield		1.2
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 September 2015, assets managed by the Ruffer Group exceeded £17.7bn, of which charities represented £2.1bn.

Dealing line

0844 892 0906

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street cat@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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