

Charity Assets Trust

Positive absolute returns with low volatility for charities

During February, the fund price rose by 0.5%. This compared with a rise of 3.1% in the FTSE All-Share Index and a rise of 3.1% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Investors spent another month trying to gauge whether the seismic shock of Donald Trump's election in November was the beginning of the end of the great disinflationary squeeze, or just another blip in the now nine year journey. On the one hand, the recent trend of positive economic surprises continued in February with survey data in several countries outperforming expectations. On the other hand, concerns about the upcoming Dutch and French elections dampened spirits considerably in Europe, where borrowing costs in peripheral Europe widened relative to those in Germany. Not all appears healthy in China either, where the authorities have sought to stem capital flight by imposing restrictions on mergers and acquisitions (which they fear citizens are using to disguise outflows) and on the purchase of cryptocurrencies such as Bitcoin. Equity markets and the US dollar nonetheless resumed the 'Trump Trade' of last year, both rising sharply, pricing in the foothills of a successful global reflation. Bond markets, however, did not follow suit and the US 10 year government bond yield actually fell in February – signalling possible caution over the health of the economy.

Strong performance from the fund's US and UK equities drove the majority of returns this month, with Apple and Oracle, for example, making good gains. Japanese financials also continued their ascent but at a slower clip. The portfolio's index-linked bonds and other protective assets were broadly neutral, resulting in a small positive return overall for the fund. It is not yet clear whether the bond markets (indicating caution) or the stock markets and US dollar (anticipating growth or inflation) are right about the short term direction of travel. What is clear to us, however, is that the electorate's demand for change, (and not just in the US), has mandated a more aggressive response from governments, alongside actions already undertaken by central banks, to deal with the fallout from the credit crisis. The clearest example of this is the US, where a decade of carefully articulated guidance from the Federal Reserve has now been joined by one man's Twitter account and a mandate to 'Make America Great Again'.

The portfolio is positioned very deliberately over the short to medium term for both good and bad news. Our equities are focused on 'cyclically sensitive' companies that benefit from sharp increases in economic growth. In particular, in the UK and Japan we hold financial companies which should respond well to a rise in interest rates. These performed well in February, a broadly 'inflationary' month and they should perform well if reflation and growth continue to advance. In a more deflationary environment, the duration of our index-linked bonds and other protective assets, such as gold, should perform well as yields contract. Over the long term, however, we believe it will be inflation not growth that breaks the deflationary squeeze. Inflation is excellent at eroding debt but there is no such thing as a free lunch. Most savers will bear the cost via asset price declines; the index-linked bonds are held to carry us through that scenario and into the next cycle.

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



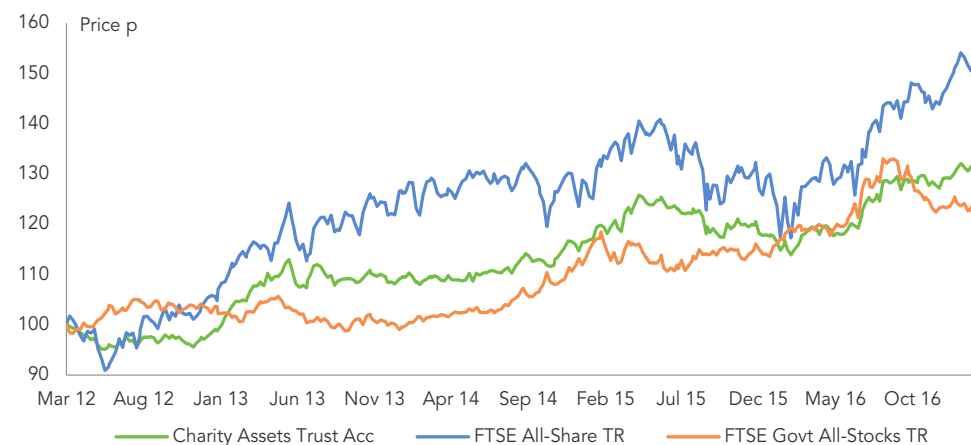
Investment objective

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 %	February 2017	Year to date	1 year	3 years	5 years	10 years
Accumulation units	0.5	1.4	12.9	20.8	na	na
Percentage growth		%				
31 Dec 2015 – 31 Dec 2016		10.5				
31 Dec 2014 – 31 Dec 2015		1.2				
31 Dec 2013 – 31 Dec 2014		6.5				
31 Dec 2012 – 31 Dec 2013		10.7				
31 Dec 2011 – 31 Dec 2012		na				

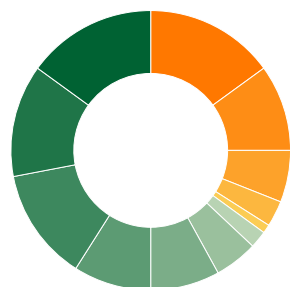
Source: Ruffer LLP, FTSE International (FTSE)

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.

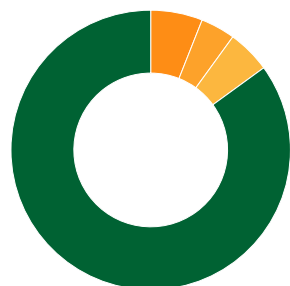
Share price as at 28 February 2017	p
Accumulation	132.03
Income	119.90

Charity Assets Trust as at 28 February 2017

Portfolio structure



Asset allocation	%		%
● Index-linked gilts	15	● Japan equities	15
● Long-dated index-linked gilts	13	● UK equities	10
● Non-UK index-linked	13	● North America equities	6
● Short-dated bonds	9	● Europe equities	3
● Cash	8	● Asia ex-Japan equities	1
● Gold and gold equities	5		
● Illiquid strategies	2		



Currency allocation	%
● Sterling	85
● Yen	6
● Gold	4
● Other	5

5 largest of 14 bond holdings

Stock	% of fund
UK Treasury index-linked 0% 2017	8.8
UK Treasury index-linked 0.5% 2050	6.5
US TIPS 1.125% 2021	5.7
UK Treasury index-linked 0.125% 2024	4.6
UK Treasury index-linked 1.875% 2022	4.4

5 largest of 55 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.3
Lloyds Banking Group	2.0
Newcrest Mining	1.7
ORIX	1.5
Sony	1.5

Source: Ruffer LLP

* Excludes holdings in pooled funds

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Fund size **£80.8m**

Fund information

Ongoing Charges Figure	1.19
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.3
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 28 February 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which charities represented £2.1bn.

Dealing line

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Enquiries

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