

Charity Assets Trust

Positive absolute returns with low volatility for charities

During June the fund price declined by 0.4%. This compared with a decrease of 0.2% in the FTSE All-Share Index and a fall of 0.6% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

The confluence of tightening monetary policy and increasingly disruptive political challenges to the established world trading order continue to make for an unsettling backdrop for global financial markets. In mid-June, the US Federal Reserve proceeded with a further interest rate hike of 0.25%, the seventh rise since the turning of the cycle at the end of 2015. With the US inflation rate seemingly well established at over 2.5%, this move was largely anticipated although the challenge for the central bank in successfully setting the 'neutral' rate of interest is a topic being made only more opaque by questions as to the sustainability of the current growth trend. With President Trump's rhetoric and increasingly bellicose stance now eliciting responses from the EU and China in the form of tit-for-tat tariffs, many commentators question if an 'art of the deal' spat has the potential to instigate an all-out trade war. Meanwhile, with the European Central Bank announcement that it would reduce bond purchases in September, with a view to ceasing quantitative easing at year-end, another pillar of support for financial markets (in terms of the suppression of bond yields) is gradually being chipped away.

The quagmire of prevailing geopolitics and the positive near-term trajectory for US interest rates produced an aura of safety for the US dollar over the month and the unhedged (17%) dollar exposure within the fund acted as something of a buffer. US equities continued to regain their composure after February's volatility wobble recouping almost 1.5%, although with the yield gap between two and ten-year US treasury bonds falling below a ten-year low, it is now clear that all market participants are convinced about the sustainability of current economic growth levels. Within the fund, the main positive contributions came from UK equities and in particular food retail with strong performance from Tesco and Ocado. Gold bullion proved somewhat friendless during this period of US dollar strength and a negative input to performance over the month. Overall, however, given the current scenario of heightened geo-political uncertainties and extended valuations in both bond and equity markets, this hedge against uncertainty continues to fulfil a portfolio role. As central banks grapple with the challenge of tightening interest rates without unsettling a financial market structure that remains far from robust, non-correlated or offsetting assets are likely to become increasingly important.

Given these ongoing tensions, we continue to cap equity exposure at around 40%, conscious of the fact that the pockets of value we can identify largely rest in the more cyclical areas of the market to include oils and banks. As this mature stage of the economic cycle endures, we continue to believe that the equity market remains ripe for further sector rotation into these higher beta areas. Through these positions and restructuring and merger situations such as Tesco, we continue to juxtapose return seeking assets with an overall bias towards protective assets.

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



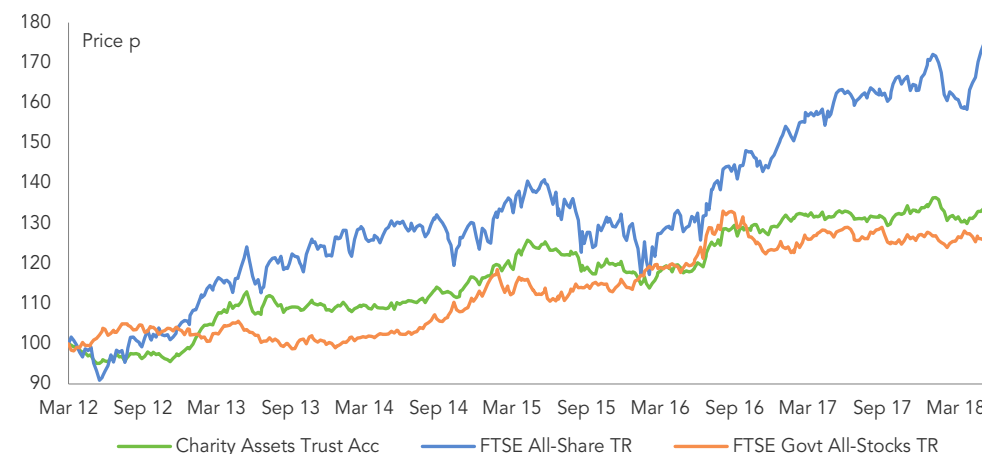
Investment objective

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 %	June 2018	Year to date	1 year	3 years	5 years	10 years
Accumulation units	-0.4	-0.5	1.9	8.6	22.7	na
Percentage growth		%				
30 Jun 2017 – 30 Jun 2018		1.9				
30 Jun 2016 – 30 Jun 2017		6.9				
30 Jun 2015 – 30 Jun 2016		-0.3				
30 Jun 2014 – 30 Jun 2015		11.1				
30 Jun 2013 – 30 Jun 2014		1.7				

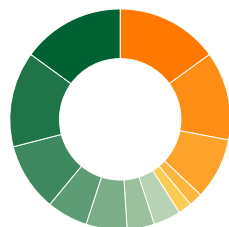
Source: Ruffer LLP, FTSE International (FTSE)

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.

Unit price as at 29 June 2018	p
Accumulation	133.54
Income	118.74

Charity Assets Trust as at 29 June 2018

Asset allocation



Asset allocation

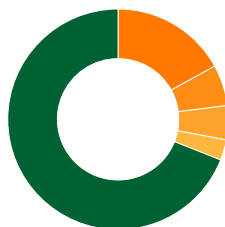
Asset allocation	%
Short-dated bonds	15
Long-dated index-linked gilts	14
Non-UK index-linked	10
Gold and gold equities	6
Index-linked gilts	6
Cash	4
Illiquid strategies	4

Japan equities	15
UK equities	13
North America equities	9
Europe equities	2
Asia ex-Japan equities	2

Currency allocation

Sterling	69
US dollar	17
Gold	6
Yen	5
Other	3

Currency allocation



10 largest of 60 equity holdings*

Stock	% of fund
Tesco	2.6
iShares Physical Gold	2.0
Dai-ichi Life Insurance	1.9
Mitsubishi UFJ Financial	1.8
Sumitomo Mitsui Financial	1.4
Sony	1.4
ORIX	1.4
Walt Disney	1.3
GlaxoSmithKline	1.2
Kinross Gold	1.2

5 largest of 12 bond holdings

Stock	% of fund
UK Treasury Bill 0% 2018	10.7
UK Treasury index-linked 0.5% 2050	6.2
US TIPS 1.125% 2021	5.1
UK Treasury index-linked 0.125% 2019	4.1
UK Treasury index-linked 0.125% 2068	3.6

*Excludes holdings in pooled funds
Source: Ruffer LLP

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Fund size £94.9m

Fund information

	%
Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.49
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	Income
	GB00B740TC99	GB00B7F77M57

SEDOL	B740TC9	B7F77M5
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Manager and investment adviser Ruffer AIFM Limited

Trustee BNY Mellon Fund & Depositary (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 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

Dealing line

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