

# Charity Assets Trust

Positive absolute returns with low volatility for charities

During August, the fund price fell by 0.9%. This compared with a fall of 2.8% in the FTSE All-Share Index and a decrease of 0.7% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

There were at least two significant events that occurred during August, the lessons of which we believe may be useful to keep in the back of one's mind as we head towards the end of the year: the sell-off in emerging markets (EM) and Apple becoming the first stock to surpass \$1 trillion in size.

Emerging markets saw some extraordinarily sharp moves down. While many of the headlines focused on Turkey and the spectacular collapse of its currency – the Turkish lira fell by a third in value against the US dollar in August alone – it is also worth considering the case of Argentina. Despite having defaulted as recently as 2012, investors were still lapping up the newly-issued 100-year Argentinian government debt in 2017. As a trade this worked well, until suddenly it didn't: in August the peso collapsed in value, short-term interest rates shot up to 60% and Argentina applied for a \$50 billion bailout from the International Monetary Fund. As a result, the losses for investors have been substantial: the 100-year bond lost over 11% in August alone.

This serves as a reminder to investors, and reinforces our view at Ruffer, that trying to time markets is impossible. Our approach, therefore, is to build 'all-weather' portfolios that do not rely on market timing and which blend protective assets (currently index-linked bonds, gold and some derivatives) with growth seeking assets (equities).

On the positive side, the race to the first \$1 trillion company was hotly anticipated, with Apple emerging victorious. Whilst there is nothing particularly significant about the \$1 trillion threshold in itself, it did serve as a useful reminder that the stock market darlings of today may not be the same tomorrow. To reinforce this point, it is worth remembering that 25 years ago Apple stood outside the top 10 largest technology companies, dwarfed by Nortel Networks (now bankrupt) and Digital Equipment (bought by Compaq, which was subsequently bought by HP, now with a current market cap of \$25 billion).

The lesson here is that you cannot always rely on the recent past to help guide you through the new challenges that the future will throw at you. We take this to heart when constructing portfolios at Ruffer, looking towards future threats to capital rather than backwards. We believe we are entering a significantly different world as central banks start to tighten, interest rates start to rise and inflationary pressures continue to build. As such, the fund holds cyclical and economically sensitive equities (ArcelorMittal added in August), a focus on index-linked rather than conventional bonds and a commitment to employ truly uncorrelated protection through options and the Ruffer Multi Strategies Fund.

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



August 2018 Issue 78

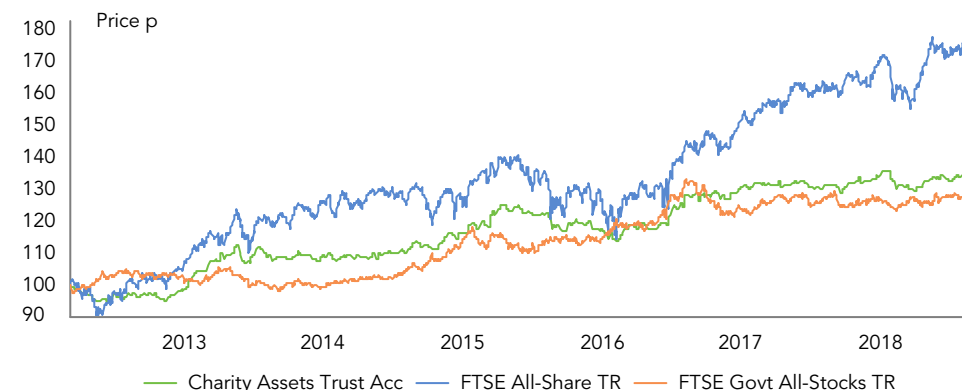
## Investment objective

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 %	August 2018	Year to date	1 year	3 years	5 years
Accumulation units	-0.9	-0.7	1.0	11.5	22.5

Percentage growth	%	Unit price as at 31 August 2018	p
30 Jun 2017 – 30 Jun 2018	1.9	Accumulation	133.28
30 Jun 2016 – 30 Jun 2017	6.9	Income	117.93
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.

# Charity Assets Trust as at 31 Aug 2018

## Asset allocation



## Asset allocation %

● Long-dated index-linked gilts	14.1
● Non-UK index-linked	11.6
● Short-dated bonds	8.6
● Gold and gold equities	7.3
● Index-linked gilts	6.1
● Cash	5.8
● Illiquid strategies	4.4

● Japan equities	14.9
● UK equities	13.1
● North America equities	9.7
● Europe equities	2.5
● Asia ex-Japan equities	1.8

## Currency allocation %

● Sterling	67.8
● US dollar	13.1
● Yen	7.4
● Gold	7.3
● Other	3.9
● Euro	0.5

## Currency allocation



## 10 largest of 59 equity holdings\*

Stock	% of fund
iShares Physical Gold	3.8
Tesco	2.5
Dai-ichi Life Insurance	2.1
Mitsubishi UFJ Financial	2.0
Sony	1.6
Sumitomo Mitsui Financial	1.5
ORIX	1.4
Walt Disney	1.4
Kinross Gold	1.3
GlaxoSmithKline	1.2

## 5 largest of 13 bond holdings

Stock	% of fund
UK T-Bill 2018	8.6
UK Treasury index-linked 0.5% 2050	6.2
US TIPS 1.125% 2021	5.2
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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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 £98.9m

## Fund information

	%
Ongoing Charges Figure	1.14
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.5
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

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 31 July 2018, assets managed by the Ruffer Group exceeded £22.4bn.

Dealing line 0344 892 0906

## Enquiries

Ruffer LLP +44 (0)20 7963 8040  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

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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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