

Charity Assets Trust

Positive absolute returns with low volatility for charities

During September, the fund price fell by 0.5%. This compared with a rise of 3.0% in the FTSE All-Share Index and a rise of 0.5% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

Equities regained some composure in September and the S&P 500 approached all time highs once again, as optimism about the prospects for a trade deal between the US and China rose. Under the bonnet, the picture was slightly more nuanced. Sovereign bond yields started to rise from their lows and investors attempted to rotate out of expensive, growth orientated companies, such as Apple or Amazon, into relatively cheap, economically sensitive names. The gulf in performance between growth and value, which had become extreme, started to narrow. This didn't last for long though. Mid-month dovish noises materialized from central banks as hoped and the Trump-Xi rhetoric whipsawed once again. This saw the leadership in equity markets change again, with the preference for defensive equity names justified by poor economic data, particularly in the German manufacturing sector. Domestic politics continued to steal the limelight in the UK, with the passing of the Benn amendment and the judicial ruling from the Supreme Court making it increasingly difficult for Johnson's government to execute a 'no deal' on 31 October. For investors, this was a positive and the pound strengthened to a two year high against the dollar.

Overall, the fund benefited from the recovery in equities. Our Japanese exposure was the biggest contributor to performance in the month. This market is both cyclical in nature and cheap relative to other developed equity markets, and a recent focus on governance is increasing shareholder returns there. In particular, the megabanks were strong and we took some profits in these names. The UK domestic equities also performed well with Tesco the standout performer. The index-linked bond and gold exposure were detractors to performance, as global bond yields bounced from all time lows. Some of this was made up by the interest rate swaption positions (options that appreciate in value when interest rates rise). We hold these in the protective strategies allocation of the fund, which we consider to be essential in providing an uncorrelated offset to conventional asset volatility.

We saw an attractive opportunity in domestic UK stocks, unsurprisingly shunned and de-rated by investors during this Brexit uncertainty. Consequently, we added to ITV and Land Securities. Both are interesting investment cases in their own right, but with the attractive entry point of a Brexit discount. We used sterling strength as a window to reduce the weighting modestly in the portfolio. We continue to actively manage this, cognisant of how the portfolio might react to a severe move either way in the value of the pound through October.

Overall we continue to be biased to protective positioning in the fund. There are a number of risks poised to derail markets on the horizon. In anticipating these, central banks continue to provide loose monetary policy whilst also calling for increasing fiscal fire power. As Mario Draghi handed over the reins at the European Central Bank to Christine Lagarde, he noted that the increased economic risks need to be met with government spending. We remain fearful of the inflation pressures such policies could cause, a nascent risk to assets that very few are talking about.

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



September 2019 Issue 91

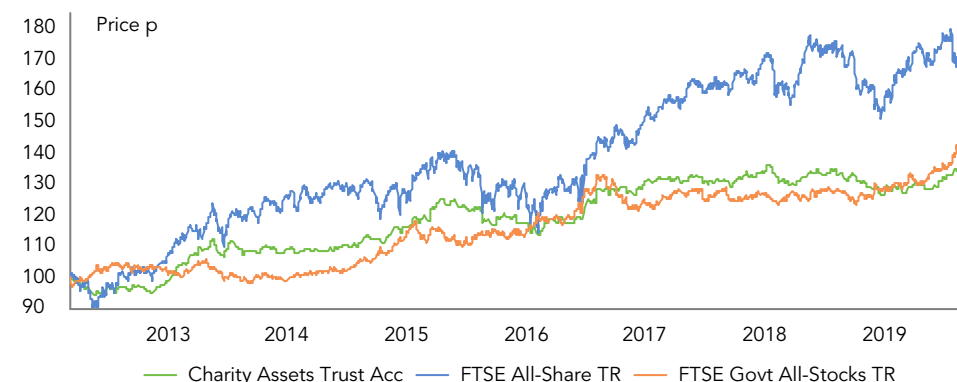
Investment objective

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.

Responsible Investment Policy

The fund has strict restrictions on investment in alcohol, armaments, gambling, pornography, tobacco, oil sands and thermal coal. It also follows a proactive voting and engagement approach with companies held within the fund. The fund is monitored against UN Global Compact principles, MSCI's ESG Metrics and the managers also monitor the fund's carbon metrics.

Performance since launch on 8 March 2012



Performance %	September 2019	Year to date	1 year	3 years	5 years
Accumulation units	-0.5	6.0	0.3	4.7	18.8

Percentage growth	%	Unit price as at 30 September 2019	p
30 Sep 2018 – 30 Sep 2019	0.3	Accumulation	134.21
30 Sep 2017 – 30 Sep 2018	2.6	Income	116.39
30 Sep 2016 – 30 Sep 2017	1.7		
30 Sep 2015 – 30 Sep 2016	9.3		
30 Sep 2014 – 30 Sep 2015	3.9		

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 30 Sep 2019

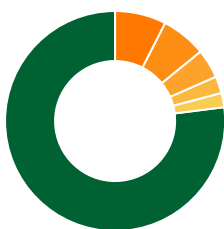
Asset allocation



Asset allocation %

● Long-dated index-linked gilts	16.9
● Non-UK index-linked	14.1
● Illiquid strategies and options	8.1
● Cash	7.2
● Gold and gold equities	6.7
● Short-dated bonds	5.5
● Index-linked gilts	1.6

Currency allocation



Currency allocation %

● Sterling	76.9
● Yen	7.4
● Gold	6.7
● US dollar	2.5
● Euro	2.1
● Other	4.4

10 largest of 60 equity holdings*

Stock	% of fund
Walt Disney Company	2.7
iShares Physical Gold	2.3
Sony	2.0
General Motors	1.9
Celgene Corporation	1.6
Tesco	1.6
Wheaton Precious Metals	1.5
Kinross Gold	1.4
Ocado	1.2
Statoil	1.1

5 largest of 14 bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	6.4
US Treasury 1.125% TIPS 2021	5.4
UK Treasury index-linked 0.125% 2068	5.0
US Treasury TIPS 1.25% 2020	3.3
UK Treasury index-linked 0.375% 2062	3.1

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 **£118.9m**

Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.97
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 where this is a business day
Plus the last business day of the month

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

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 Managers

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.



Jenny Renton

INVESTMENT DIRECTOR
Joined Ruffer in 2013. After reading politics at Newcastle University, she worked with oil and gas companies on their corporate and financial strategies before joining the fund team at Ingenious Investments. She is a CFA charterholder.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2019, assets managed by the Ruffer Group exceeded £20.7bn.

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

† © FTSE 2019 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2019