

# Charity Assets Trust

Positive absolute returns with low volatility for charities



July 2020 Issue 101

During July the fund price increased by 0.7%. This compared with a fall of 3.6% in the FTSE All-Share Index and a 0.4% rise in the FTSE Government All-Stocks Index (both figures are total return in sterling).

Investor optimism dwindled somewhat over the month. Several countries struggled to get the covid-19 pandemic under control and others, though more successful, have seen a resurgence in isolated outbreaks. In particular, the mishandling in the US has fuelled doubts over the path to an economic recovery. This fear was exemplified by the US dollar – the world’s reserve currency – posting its worst month in a decade when compared to a basket of global currencies. The yen and euro were the principal beneficiaries of this, reflecting the more positive outlook on the strength of the recovery in those geographies, and the fund’s exposure to these currencies was a driver of performance. A lack of optimism around the US recovery was also borne in US interest rates. With US 10 year real rates (adjusted for inflation) hitting record lows at minus one percent, the yield differential against other developed economies has all but disappeared. Investors expect longer and deeper easing from the US Federal Reserve. This provided a supportive backdrop for the fund’s US treasury inflation-protected securities (TIPS) and gold, both key drivers of performance over the month. The precious metal recorded its best month since 2016, boosting the share prices of the gold mining companies, which make up c 55% of the fund’s gold exposure.

As the bond market signalled concern over the strength of an economic rebound, technology continued to lead the way in equity markets. Ever lower real yields boost the value of these companies’ future growth prospects but their valuations factor in few impediments to that growth. The fund has captured some of this through exposure to companies such as Fujitsu and Sony (both up more than 10% in the month) where the valuations are not egregious. However, the equity book continues to be biased toward cyclical companies. These names, in the UK and Europe, were a drag on performance as optimism was reigned in over the month, but should the economic rebound surprise and reassert itself, they should benefit strongly. Europe has been more successful in containing the pandemic and reopening the economy than the US, and the agreement of a €750 billion recovery fund paves the way for greater fiscal unity. Investors may increasingly refocus their optimism towards the continent. The currency has already borne some benefits of this.

That said, we are at a critical point in the recovery. Fresh outbreaks have shown the viral threat is far from over. Companies have begun to report on their earnings performance in the second quarter, during which their share prices rose significantly and are now vulnerable to lofty expectations. Emergency stimulus is beginning to roll off and extensions are subject to political wrangling. It is possible we are entering a period where the economic momentum could hit a lull. In the fund we have trimmed some profits in the long-dated US TIPS, a reflection on how far they have moved, rather than a change in our unwavering view of their longer-term role as inflation protection. We continue with a low equity weighting and have increased the potency of the credit protection to prepare for a fragile environment.

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

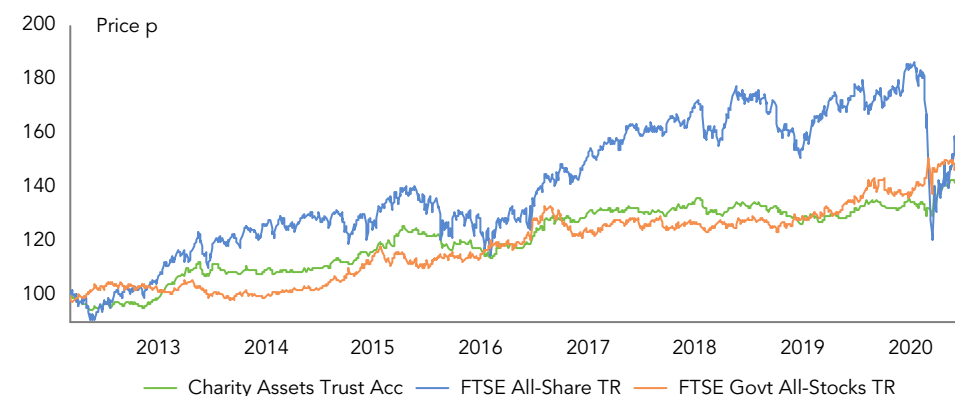
## Investment objective

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.

## 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 %	July 2020	Year to date	1 year	3 years	5 years
Accumulation units	0.7	5.7	7.7	10.0	16.7

Percentage growth	%	Unit price as at 31 July 2020	p
30 Jun 2019 – 30 Jun 2020	8.7	Accumulation	143.35
30 Jun 2018 – 30 Jun 2019	-1.8	Income	122.30
30 Jun 2017 – 30 Jun 2018	1.9		
30 Jun 2016 – 30 Jun 2017	6.9		
30 Jun 2015 – 30 Jun 2016	-0.3		

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 Jul 2020

## Asset allocation



### Asset allocation %

● Cash	18.0
● Non-UK index-linked	17.8
● Gold and gold equities	14.2
● Illiquid strategies and options	12.0
● Long-dated index-linked gilts	11.2

● Japan equities	7.3
● UK equities	7.3
● North America equities	6.0
● Europe equities	5.1
● Asia ex-Japan equities	1.0

### Currency allocation %

● Sterling	73.5
● Gold	13.8
● Yen	4.1
● Euro	2.9
● US dollar	2.6
● Other	3.1

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
iShares Physical Gold	6.1
Newcrest Mining	3.2
Kinross Gold	1.9
Newmont Mining	1.5
Equinor	1.5
Wheaton Precious Metals	1.5
Sony	1.4
ArcelorMittal	1.4
Countryside Properties	1.3
Royal Bank of Scotland	1.2

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.5% 2050	4.1
UK Treasury index-linked 0.125% 2068	3.6
US Treasury 1.75% TIPS 2028	3.1
US Treasury 0.875% TIPS 2029	2.8
UK Treasury index-linked 0.375% 2062	2.4

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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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 **£114.6m**

## Fund information

	%
Ongoing Charges Figure	1.15
Annual management charge	1.0 + VAT
Maximum initial charge	1.0
Yield	1.55
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

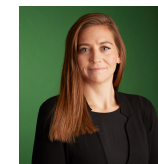
Previously Director at Le Masurier, James & Chinn, now absorbed within the HSBC Group. He spent thirteen years there, with responsibility for offshore private clients before moving to Chiswell Associates in 2001, focusing on charity fund management. He holds an MBA from Henley Management College and 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 30 June 2020, assets managed by the Ruffer Group exceeded £20.1bn.

Dealing line **0344 892 0906**

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