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 inflation 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.

<table>
<thead>
<tr>
<th>Percentage growth</th>
<th>February 2017</th>
<th>Year to date</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulation</td>
<td>0.5</td>
<td>1.4</td>
<td>12.9</td>
<td>20.8</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Share price as at 28 February 2017 p

Accumulation 132.03

Income 119.90

Source: Ruffer LLP, FTSE International (FTSE)
Charity Assets Trust as at 28 February 2017

Portfolio structure

Asset allocation percentage
- Index-linked gilts: 15%
- Long-dated index-linked gilts: 13%
- Non-UK index-linked: 13%
- Short-dated bonds: 9%
- Cash: 8%
- Gold and gold equities: 5%
- Illiquid strategies: 2%

Currency allocation percentage
- Sterling: 85%
- Yen: 6%
- Gold: 4%
- Other: 5%

5 largest of 14 bond holdings
- 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
- 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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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 and Ruffer AIFM Limited have 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 Scheme, Scheme Particulars and the latest report and accounts.

Fund information

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
</table>
| Ongoing Charges Figure | 1.19%
| Annual management charge | £0.10 + 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

Trusted: 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 28 February 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which charities represented £2.1bn.

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