

CF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



During November the fund price fell by 0.4%. This compared with a rise of 0.6% in the FTSE All-Share Index and a gain of 0.9% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

November turned out to be largely devoid of financial fireworks. In the US data continued to support Janet Yellen finally crossing the line and raising interest rates in December, whilst Mario Draghi dropped heavy hints that the European Central Bank would be moving in the opposite direction and Mark Carney remained steadfast in avoiding any interest rate moves on his watch. As we write this, just after the month end, so far Draghi has disappointed, albeit on heightened expectations of further rate cuts and asset purchases, but both Yellen and Carney appear to be holding to their course.

November was also notable for the awful terrorist attacks in Paris and escalating tension and confusion in the Middle East, not least after Turkey shot down a Russian aircraft. In more normal times such events might have seen a rush to buy gold and a spike up in the oil price, but these are far from normal times in financial markets. Instead the oil price fell by more than 10% in November alone and gold hit a five year low, down 7% on the month. It seems, for now at least, that faith in central banks and monetary policy trumps events in the real world, but this is neither the usual, nor a permanent, state of affairs.

When reflecting on equities, we find ourselves fascinated by the dichotomy between those stocks that are perceived as 'safe', and command often eye-watering valuations, and those that are patently unsafe, but whose valuations in no way reflect the current reality of near zero interest rates. At the simplest level think of consumer staples compared to oil stocks. We are increasingly fearful of the apparent safety of the former, mindful that, for stock prices, valuations in the end almost always triumph over quality, and that safe companies can be transformed into dangerous investments merely by the trick of higher share prices. That is not to say that we have not benefited from this fashion for safety; our holdings in Johnson & Johnson, BT, Novartis, and more latterly General Dynamics and Lockheed Martin, all provided welcome and often bumper profits. However we may now be approaching the end of this road and accordingly have cleared the portfolio of all but the most heavily disguised such stocks.

At the other end of the spectrum, we are drawn to the attractions of the industries shunned by investors for their clear and obvious perils. Fortunately we are far too faint hearted to have acted on this fascination, beyond dipping a toe in Exxon, but we have a sense that the prevailing investment wind may soon change. When entire industries are priced for the end of their world it can come as a very pleasant surprise to find that Armageddon is merely a temporary phenomenon. It may still be too early for the move from safety into danger, and so far we have only the nerve for the first part of this trade, but our sense is that 2016 will be a year when it proves better to be embarrassingly early than even a fraction too late.

The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Absolute Return Fund is a UK UCITS and is not registered for distribution in any country other than the UK. In line with the Prospectus, it is possible that at any one time the CF Ruffer Absolute Return Fund may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be UK or US government issued transferable securities.

Investment objective

The fund aims to achieve low volatility and positive returns in all market conditions from an actively managed portfolio of equities or equity related securities (including convertibles), corporate and government bonds and currencies. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any one or a number of twelve-month periods. The fund may also invest in collective investment schemes, cash, money market instruments and derivatives and forward transactions. Pervading this objective is a fundamental philosophy of capital preservation. In selecting investments the fund will adopt a stock picking approach and will not adopt any investment weightings by reference to any benchmark.

Performance since launch on 31 January 2006 – C acc shares



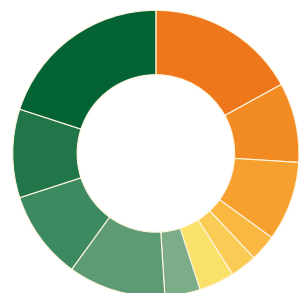
Performance %	November 2015	Year to date	1 year	3 years	5 years	10 years	
C accumulation shares	-0.4	1.6	1.8	20.5	25.3	na	
Percentage growth (C acc)	%		Share price as at 30 November 2015				
30 Sep 2014 – 30 Sep 2015	2.8		O accumulation				189.18
30 Sep 2013 – 30 Sep 2014	2.8		O income				153.54
30 Sep 2012 – 30 Sep 2013	11.9		C accumulation				194.57
30 Sep 2011 – 30 Sep 2012	2.4		C income				158.16
30 Sep 2010 – 30 Sep 2011	3.5						

Source: Ruffer LLP

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.

CF Ruffer Absolute Return Fund as at 30 November 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	20	● Japan equities	17
● Long-dated index-linked gilts	10	● UK equities	9
● Index-linked gilts	10	● North America equities	9
● Cash	11	● Europe equities	3
● Gold and gold equities	4	● Asia ex-Japan equities	3
		● Illiquid strategies	4



Currency allocation	%
● Sterling	77
● Yen	7
● US dollar	7
● Gold	4
● Euro	2
● Other	3

5 largest of 18 bond holdings

Stock	% of fund	Stock	% of fund
US TIPS 1.25% 2020	4.2	Mizuho Financial	2.1
UK Treasury index-linked 1.875% 2022	3.7	Mitsubishi UFJ Financial	2.0
US TIPS 0.125% 2022	2.9	The Boeing Company	2.0
UK Treasury index-linked 1.25% 2055	2.9	Sumitomo Mitsui Financial	1.9
UK Treasury index-linked 0.125% 2024	2.8	BP	1.6

5 largest of 82 equity holdings*

Stock	% of fund
Mizuho Financial	2.1
Mitsubishi UFJ Financial	2.0
The Boeing Company	2.0
Sumitomo Mitsui Financial	1.9
BP	1.6

Source: Ruffer LLP

*Excludes holdings in pooled funds

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 £2,721.6m

Fund information

%	O class	C class
Ongoing Charges Figure	1.52	1.22
Annual management charge	1.50	1.20
Maximum initial charge	7.5	7.5
Yield	1.31	1.31
Minimum investment	£1,000,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward to 10am Wednesday, based on NAV Plus forward from 10am on last Wednesday of the month to last business day of the month	
	O class	C class
ISIN	GB00B0XP1H53 (acc) GB00B0XP1869 (inc)	GB00B0XP2X86 (acc) GB00B0XP1T75 (inc)
SEDOL	B0XP1H5 (acc) B0XP186 (inc)	B0XP2X8 (acc) B0XP1T7 (inc)
Investment adviser	Ruffer LLP	

ACD	Capita Financial Managers Limited
Depository	BNY Mellon Trust & Depository (UK) Limited
Auditors	Grant Thornton UK LLP
Structure	Sub-fund of Asperior Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs

Enquiries

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk
www.ruffer.co.uk/rarf

Fund Managers

Steve Russell

INVESTMENT DIRECTOR

Graduated from Oxford in PPE and started work as an equity analyst at Confederation Life in 1987, progressing to Head of Equities. In 1999 he moved to HSBC Investment Bank as Head of UK and European



Equity Strategy, before joining Ruffer in 2003. He is also co-manager of the Ruffer Investment Company.

David Ballance

INVESTMENT DIRECTOR

Previously International Equities Head at Rothschild Private Management, he graduated from Oxford and was a Senior Investment Manager at Allied Dunbar, before moving to Threadneedle as Head of European Equities. He joined Ruffer in 2006.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.4bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2015