

# CF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



During April the fund price fell by 0.1%. This compares with a fall of 0.4% in the FTSE All-Share Index and a rise of 0.2% in the FTSE All-Stocks Index (both figures total returns in sterling).

April saw a major shock for the UK political commentariat, as against expectations and with no prior leak Prime Minister Theresa May announced a snap UK general election for 8 June. Sterling, which has been the lightning conductor for sentiment towards the UK since last year's EU vote, rallied on the news as investors moved to price in the possibility of some element of transitional arrangements after the UK's exit. The fund continues to have a substantial exposure to sterling; as well as considering the UK's currency undervalued, we continue to find few attractive protective qualities in other currencies that would justify holding them.

Across the English Channel there was an almost equal surprise, in that the first round of voting for the French presidential election actually produced an outcome in line with the pollsters. If that phenomenon repeats itself, then the centrist candidate, M. Macron, should defeat Marine Le Pen from the Front National in the run off to become President. While eurozone equity markets surged in relief following the first round results, it remains unclear whether the political novelty of M. Macron will overcome the likelihood that the French parliamentary elections next month produce an outcome that results in a period of impasse and gridlock, thereby delaying much-needed reform.

Away from political developments what seems clear is that while economies may not be growing at the rates desired by politicians and electorates, they continue in general to heal. The US economy, although experiencing its now seemingly customary first quarter softness continues to chug along, eurozone indicators are at a six-year high, and while the Chinese economy might have long-term structural issues, it presently continues to defy talk of an abrupt cyclical slowdown. The exception to this might be the UK, where the return of inflation appears to be dulling consumers' enthusiasm via stagnant real earnings. Taken together these factors encourage us to keep the faith in terms of our equity selection, favouring financial and cyclical exposure over 'bond-like' equities, even admitting that such a view has not been rewarded so far this year.

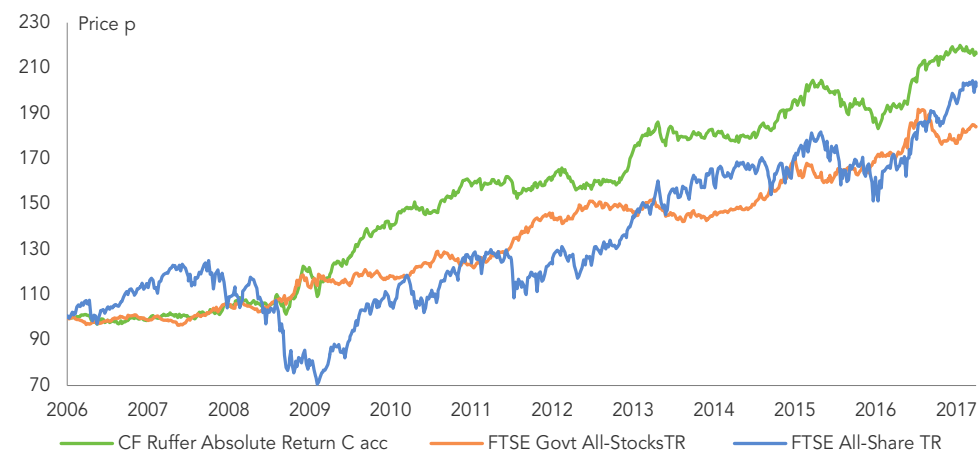
Where that scepticism around growth is clearly most rife concerns the US. Fading hopes for imminent tax cuts, coupled with resounding silence on possible infrastructure spending, have prompted a rethink as to whether the arrival of President Trump genuinely represents a major change. We continue to believe that the next chapter of the post-crisis narrative will see greater involvement by government, with all the inflation risk inherent in a growing role for fiscal policy. In the meantime inflation indicators in most jurisdictions are coming in higher than forecast, sharpening policy dilemmas for central banks. All of this speaks to a risk of higher volatility in markets, as well as cementing our view that inflation-linked bonds must sit at the core of our asset allocation for the foreseeable future.

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://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 %         | April 2017 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|------------|--------------|--------|---------|---------|----------|
| C accumulation shares | -0.1       | -0.2         | 12.0   | 21.5    | 35.1    | 113.6    |

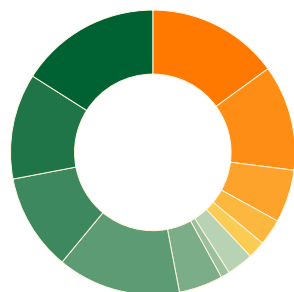
| Percentage growth (C acc) | %    | Share price as at 28 April 2017 | p             |
|---------------------------|------|---------------------------------|---------------|
| 31 Mar 2016 – 31 Mar 2017 | 12.4 | <b>O accumulation</b>           | <b>209.41</b> |
| 31 Mar 2015 – 31 Mar 2016 | -4.0 | <b>O income</b>                 | <b>166.71</b> |
| 31 Mar 2014 – 31 Mar 2015 | 11.4 | <b>C accumulation</b>           | <b>216.32</b> |
| 31 Mar 2013 – 31 Mar 2014 | -0.3 | <b>C income</b>                 | <b>172.47</b> |
| 31 Mar 2012 – 31 Mar 2013 | 10.2 |                                 |               |

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.

# CF Ruffer Absolute Return Fund as at 28 April 2017

## Portfolio structure



| Asset allocation                | %  |                          | %  |
|---------------------------------|----|--------------------------|----|
| ● Non-UK index-linked           | 16 | ● Japan equities         | 15 |
| ● Long-dated index-linked gilts | 12 | ● UK equities            | 12 |
| ● Index-linked gilts            | 11 | ● North America equities | 6  |
| ● Cash                          | 14 | ● Asia ex-Japan equities | 3  |
| ● Gold and gold equities        | 5  | ● Europe equities        | 2  |
| ● Options                       | 1  |                          |    |
| ● Illiquid strategies           | 3  |                          |    |



| Currency allocation | %  |
|---------------------|----|
| ● Sterling          | 83 |
| ● Yen               | 5  |
| ● Gold              | 5  |
| ● US dollar         | 3  |
| ● Euro              | 1  |
| ● Other             | 3  |

## 5 largest of 18 bond holdings

| Stock                                | % of fund | Stock                    | % of fund |
|--------------------------------------|-----------|--------------------------|-----------|
| UK Treasury index-linked 1.875% 2022 | 3.9       | Lloyds Banking Group     | 2.1       |
| US TIPS 1.25% 2020                   | 3.7       | BP                       | 1.7       |
| UK Treasury index-linked 0.375% 2062 | 3.3       | Mitsubishi UFJ Financial | 1.7       |
| US TIPS 0.125% 2022                  | 3.2       | T&D                      | 1.5       |
| UK Treasury index-linked 1.25% 2055  | 3.1       | Sony                     | 1.4       |

Source: Ruffer LLP

## 5 largest of 84 equity holdings\*

| Stock                    | % of fund |
|--------------------------|-----------|
| Lloyds Banking Group     | 2.1       |
| BP                       | 1.7       |
| Mitsubishi UFJ Financial | 1.7       |
| T&D                      | 1.5       |
| Sony                     | 1.4       |

\*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 £3,894.4m

## 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                    | 1.47  | 1.47                                     |
| 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<br>Plus forward from 10am on last Wednesday of the month to last business day of the month |  |
| ISIN                     | GB00B0XP1H53 (acc)<br>GB00B0XP1869 (inc)  | GB00B0XP2X86 (acc)<br>GB00B0XP1T75 (inc) |
| SEDOL                    | B0XP1H5 (acc)<br>B0XP186 (inc)  | B0XP2X8 (acc)<br>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)<br>UK domiciled UCITS<br>Eligible for ISAs |  |

Dealing line 0345 601 9610

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## 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 April 2017, assets managed by the Ruffer Group exceeded £21.1bn, of which over £11.9bn was managed in open-ended Ruffer funds.

## Enquiries

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