

CF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



During October, the fund price rose by 1.3%. This compares with an increase of 1.9% in the FTSE All-Share Index and a rise of 0.3% in the FTSE All-Stocks Index (all figures total returns in sterling).

Japanese equities were the portfolio's top performers for the month as the Nikkei hit a 22 year high. While there was some damage to the credibility of Japan Inc's corporate governance record, with scandals unearthed at Kobe Steel and Nissan (neither company is held in the portfolio), Abe's resounding victory in the snap election (his fifth victory in a row) helped drive returns and he now looks set to become the country's longest serving prime minister. The parallels with recent elections in other parts of the world were alarming – an 'unnecessary' election called by the incumbent, an attempt to consolidate power from a position of strength while the opposition were in disarray and the rise of a new populist political force (Koike's Party of Hope) in opposition. These concerns proved unfounded. Abe won a super-majority allowing him to proceed with his program of economic reform and perhaps in time embark upon constitutional reform to allow Japan to build an army rather than merely a self-defence force. Our belief is that this latter change will only be done from a position of economic strength and so the economic agenda will take precedence. What was perhaps more interesting than the result of the election was the fact that the opposition was proposing more extreme versions of Abenomics – economic liberalism, sales of state-owned assets and ultra-loose monetary policy. Koike also pushed to abandon the increase in the sales tax due in 2019. This may give Abe some latitude to backtrack on his commitment to the increase; a move which would be taken well by the market.

Putting all this together, Japan stands in stark contrast to western economies. It shares the characteristic of improving economic growth and business confidence, but is a country with political stability, a relatively cheap equity market and ultra-loose monetary policy with no indication of a change of tack from the Bank of Japan. This is an intensely interesting combination, which we have sought to exploit by investing in both companies that will benefit from an improving domestic backdrop and those set to gain from global economic growth. Japan is far from immune from a global downturn, but in terms of interesting places to take equity market risk it still comes out on the top of the pile, despite recent strong performance.

The month was also notable for the correlated rise across asset classes. Within the fund, only the option book posted a negative return, which serves to emphasise the importance of this part of the portfolio in acting as an offset and genuine protective asset class. We have long been concerned about cross-asset correlation as all boats have floated on the rising tide of loose monetary (and now fiscal) policy. Such a correlation will also work in reverse, hence we maintain our position in these protective assets.

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



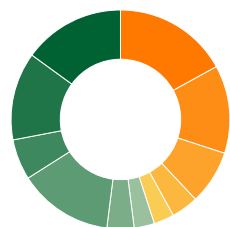
Performance %	October 2017	Year to date	1 year	3 years	5 years	10 years
C accumulation shares	1.3	-0.2	0.7	16.6	35.7	112.1
Percentage growth (C acc)	%		Share price as at 31 October 2017			
30 Sep 2016 – 30 Sep 2017	0.4		O accumulation			
30 Sep 2015 – 30 Sep 2016	12.2		O income			
30 Sep 2014 – 30 Sep 2015	2.8		C accumulation			
30 Sep 2013 – 30 Sep 2014	2.8		C income			
30 Sep 2012 – 30 Sep 2013	11.9					

Source: Ruffer LLP, FTSE International (FTSE)¹

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 31 October 2017

Asset allocation



Asset allocation

Asset Allocation Category	Percentage
Non-UK index-linked	15
Long-dated index-linked gilts	13
Index-linked gilts	6
Cash	14
Gold and gold equities	4
Illiquid strategies	3
Japan equities	17
UK equities	13
North America equities	8
Europe equities	4
Asia ex-Japan equities	3

Currency allocation

Currency Allocation Category	Percentage
Sterling	77
Yen	8
US dollar	5
Gold	4
Euro	2
Other	4

Currency allocation



10 largest of 92 equity holdings*

Stock	% of fund
BP	2.0
Mitsubishi UFJ Financial	2.0
Lloyds Banking Group	1.9
Sumitomo Mitsui Financial	1.9
Dai-ichi Life Insurance	1.6
Sony	1.4
T&D	1.4
Vivendi	1.1
HeidelbergCement	1.0
Resona Holdings	1.0

5 largest of 17 bond holdings

Stock	% of fund
UK Treasury index-linked 1.25% 2055	3.5
UK Treasury index-linked 0.375% 2062	3.4
US TIPS 1.25% 2020	3.4
UK Treasury index-linked 1.875% 2022	3.0
US TIPS 0.125% 2022	2.9

*Excludes holdings in pooled funds
Source: Ruffer LLP

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 £4,930.6m

Fund information

	O class	C class
Ongoing Charges Figure	1.53	1.23
Annual management charge	1.50	1.20
Maximum initial charge	7.5	7.5
Yield	1.55	1.54
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

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 October 2017, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.2bn was managed in open-ended Ruffer funds.

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