

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



During April the fund price rose by 1.5%. This compared with a rise of 6.4% in the FTSE All-Share Index and a decline of 1.0% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

April proved in the event not to be the cruellest month. World equities rose by around 3% in sterling, although this outturn was helped by a 2% fall in the value of the pound against the US dollar. Sterling's decline appears attributable to two interrelated factors: the Bank of England governor Mark Carney's musings that a rise in UK bank rate in May might not be a done deal, and weaker economic numbers for the UK, showing the domestic economy lagging well behind the US and the rest of Europe and suggesting that UK GDP growth is slowing. How much of this slowdown is attributable to Brexit concerns, and how much is weather related, due to the temporary effects of the 'Beast from the East' cold spell, we will only learn from the coming months' data releases. Either way, the pound's weakness against the dollar in the second half of April proved supportive of our recent shift out of sterling to holding 15% in the US dollar. This was driven by our conviction that the dollar could act as a protection asset, rising when equity and bond markets fall.

The UK was the standout equity market in April. Sterling's fall gave some succour to overseas earners, and a 7% rise in the oil price to \$75 per barrel caused a double-digit surge in the share prices of UK quoted oil majors held in the portfolio such as BP and Shell. In addition we, and indeed some other investors, could hardly fail to notice the chronic weakness on a global basis in recent months of the UK equity market, whether driven by fears around Brexit or the risk of political change. To our minds this trend has thrown up opportunities either in multinationals seemingly penalised for their UK domicile, or in consumer-facing businesses where their prospects are deemed to be fatally compromised. Clearly with disrupters in full cry one has to be very sure of one's ground in the latter category: in terms of recent purchases on the fund GlaxoSmithKline would be an example of the former and Dixons Carphone of the latter.

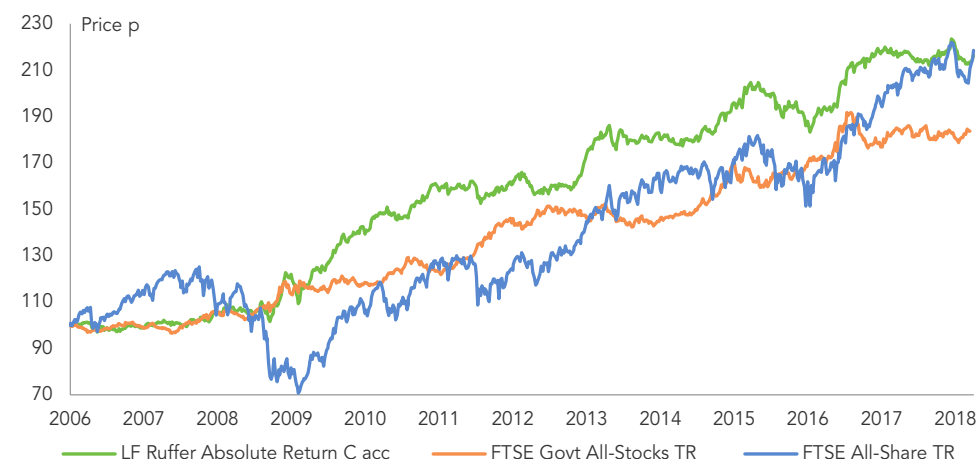
There has been an upsurge in merger and acquisition activity in recent weeks. Our holding in Shire was a direct beneficiary of Takeda's advances and the Asda/Sainsbury merger will have an impact on our holding in Tesco, which is already up some 18% from this year's low. If permitted, the deal will create a near equal competitor in the UK in terms of market share, however this may also be accompanied by a more orderly and rational approach to pricing. Overall, \$120bn worth of worldwide deals were announced on the last day of the month, and cumulative activity this year, at \$1,677bn, is the highest since 2007. Perhaps an ominous portent. In addition there has been a sharp increase in the share element of such deals, with all-cash deals at a three-year low. Takeover activity invariably rises as the equity cycle matures: while in the short-term such activity can be supportive of share prices, we should also be acutely aware of its Janus-type characteristics.

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 LF 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 LF 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



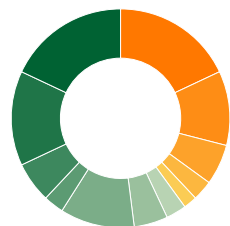
Performance %	April 2018	Year to date	1 year	3 years	5 years	10 years	
C accumulation shares	1.5	-1.2	0.0	7.3	18.8	104.5	
Percentage growth (C acc)	%		Share price as at 30 April 2018				
31 Mar 2017 – 31 Mar 2018	-1.5		O accumulation				208.85
31 Mar 2016 – 31 Mar 2017	12.4		O income				163.99
31 Mar 2015 – 31 Mar 2016	-4.0		C accumulation				216.36
31 Mar 2014 – 31 Mar 2015	11.4		C income				170.18
31 Mar 2013 – 31 Mar 2014	-0.3						

Source: Ruffer LLP. FTSE International (FTSE)[†]

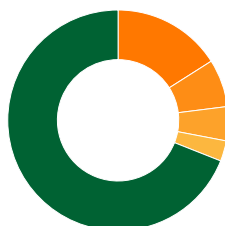
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

LF Ruffer Absolute Return Fund as at 30 April 2018

Asset allocation



Currency allocation



10 largest of 76 equity holdings*

Stock	% of fund
Mitsubishi UFJ Financial	2.2
Tesco	2.2
Sumitomo Mitsui Financial	1.9
Dai-ichi Life Insurance	1.9
Sony	1.7
BP	1.6
Vivendi	1.6
Japan Post Holdings	1.5
T&D	1.3
GlaxoSmithKline	1.1

5 largest of 17 bond holdings

Stock	% of fund
UK Treasury index-linked 1.25% 2055	3.6
UK Treasury index-linked 0.375% 2062	3.4
US TIPS 1.25% 2020	3.3
UK Treasury index-linked 1.875% 2022	3.1
US TIPS 0.125% 2022	2.9

Asset allocation

	%
Non-UK index-linked	18
Long-dated index-linked gilts	14
Index-linked gilts	6
Short-dated bonds	3
Cash	11
Gold and gold equities	5
Illiquid strategies	3
Japan equities	18
UK equities	11
North America equities	6
Europe equities	3
Asia ex-Japan equities	2

Currency allocation

	%
Sterling	69
US dollar	16
Yen	7
Gold	5
Other	3

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 £5,492.3m

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	1.38	1.33
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	Link Fund Solutions Limited	
Depository	The Bank of New York Mellon (International) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of Asperior Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

Dealing line

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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 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn was managed in open-ended Ruffer funds.

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