

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



During November the fund price rose by 0.5%. This compared with a rise of 2.2% in the FTSE All-Share Index and a fall of 0.8% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

At Ruffer, we recently marked our 25th anniversary of managing investments for our clients. Over the quarter century since we were founded, we have broadly succeeded in our twin aims of avoiding losing money in the big market collapses (notably 2000-2003 and 2008) and delivering a decent return over and above that of cash (currently compounding at 8% pa over 25 years). This outcome has been achieved by steadfastly adhering to our investment philosophy of always holding a combination of both 'fear' and 'greed' assets in our portfolios.

The greed assets are relatively self-explanatory. They consist largely of equities, though we often shun the more expensive and crowded areas of the stock market that turn out to be the cause of maximum damage when markets reverse.

The fear side of the equation is less straightforward and of course changes with each market cycle. In essence we seek to invest in those assets that investors will panic into when times get truly difficult. Such assets will normally be dull, or even costly, in the good times, but have successfully delivered for us in each major market downturn. In 1999-2000 it was long-dated conventional bonds (and no tech stocks) that protected our investors, whilst in 2008 it was Swiss government bonds and the yen. Today it is index-linked bonds, gold and credit protections that we believe will do the job when markets break.

Such an approach can be harder to execute in the rare periods when both greed and fear assets rise in tandem, as has occurred this year. 2019 has seen strong returns not only from equities, but also gold and long duration inflation-linked bonds. Such a situation cannot last, you cannot both have your cake and eat it, despite the blandishments of politicians, and accordingly we have adjusted our portfolios to reflect this. We have taken some profits in gold mining stocks, and similarly, after making significant gains from index-linked gilts earlier this year, we took some profits here too, thereby reducing the overall duration of our portfolios. Supporting this move is an appreciation that a Conservative victory in the coming election, combined with some relief at avoiding a 'no deal' Brexit, plus a likely fiscal boost to the domestic economy, could see both sterling and gilt yields rise, at least temporarily.

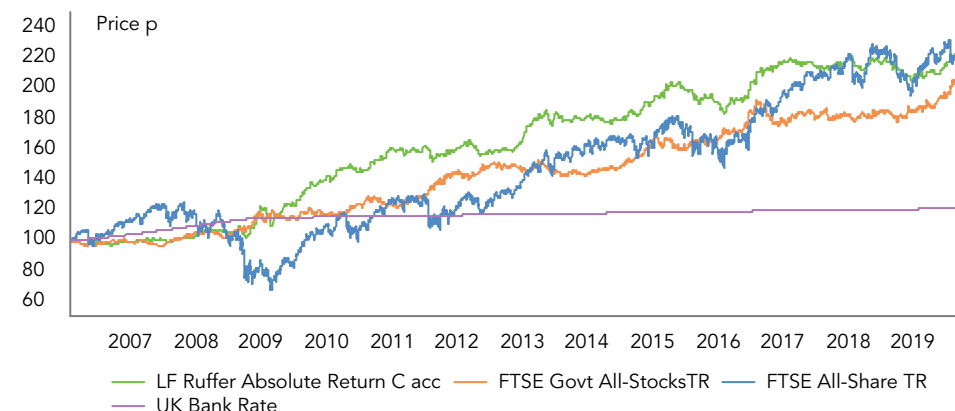
Following these tactical adjustments, we remain confident that we still hold sufficient protection to preserve investors' capital should markets fall precipitously, or indeed should current polls prove misleading and a very different government is elected. In the meantime, by holding close to 40% in equities (often those in more economically sensitive areas) we should be able to make money if markets continue to gorge on 'cake'.

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 fund launch on 31 January 2006



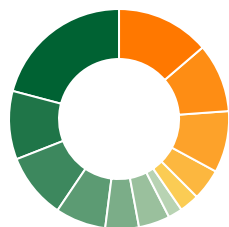
Performance %	November 2019	Year to date	1 year	3 years	5 years	10 years
C accumulation shares	0.5	6.3	4.8	1.9	14.0	56.6
Percentage growth (C acc)	%	Share price as at 29 November 2019				p
30 Sep 2018 – 30 Sep 2019	1.6	O accumulation				209.22
30 Sep 2017 – 30 Sep 2018	1.6	O income				160.06
30 Sep 2016 – 30 Sep 2017	0.4	C accumulation				217.78
30 Sep 2015 – 30 Sep 2016	12.2	C income				166.89
30 Sep 2014 – 30 Sep 2015	2.8					

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 29 Nov 2019

Asset allocation



Asset allocation %

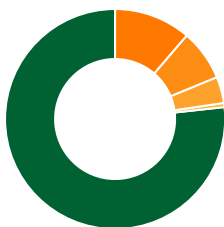
● Non-UK index-linked	20.9
● Long-dated index-linked gilts	10.0
● Cash	9.6
● Gold and gold equities	7.5
● Illiquid strategies and options	4.9
● Short-dated bonds	4.7
● Index-linked gilts	2.0

● UK equities	13.8
● North America equities	10.1
● Japan equities	8.9
● Europe equities	4.6
● Asia ex-Japan equities	2.9

Currency allocation %

● Sterling	76.8
● Yen	11.2
● Gold	7.7
● Euro	0.5
● Other	3.8

Currency allocation



10 largest of 63 equity holdings*

Stock	% of fund
Walt Disney Company	2.1
iShares Physical Gold	2.0
Lloyds Banking Group	2.0
Tesco	1.8
Sony	1.5
ExxonMobil	1.4
Bristol-Myers Squibb	1.3
BP	1.2
BHP Group	1.0
Ocado	1.0

5 largest of 14 bond holdings

Stock	% of fund
US Treasury TIPS 1.25% 2020	6.0
US Treasury 1.125% TIPS 2021	4.7
UK government 2.0% 2020	4.7
US Treasury 0.125% TIPS 2021	4.0
UK Treasury index-linked 0.125% 2068	3.9

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size £4,729.5m

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	1.72	1.71
Minimum investment	£1,000,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month	
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month	
ISIN	O class GB00B0XP1H53 (acc) GB00B0XP1869 (inc)	C class 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	Ernst & Young 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.



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.



Jos North

INVESTMENT DIRECTOR

Joined Ruffer in 2012, having graduated from Edinburgh University with an MA Honours in French and Spanish. He became a member of the Chartered Institute of Securities & Investment following completion of the CISI Diploma, receiving the highest mark in that year. He manages portfolios predominantly for institutional clients.



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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.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2019, assets managed by the Ruffer Group exceeded £20.1bn.

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