

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility

During November, the fund price rose by 4.7%. This compared with a rise of 12.7% in the FTSE All-Share Index and a decrease of 0.5% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

The arrival of Pfizer's efficacy figures for its vaccine on 9 November saw what Jon Dye, our Head of Research, memorably referred to as an "up-crash" in markets and indeed it was one of the most extraordinary days in stock index history. The momentum factor, a popular algorithmic trading strategy that buys the best-performing stocks, whilst going short of the worst-performing stocks, fell by 24% – an eight standard deviation event. Over the month as a whole, the MSCI World equity index (like many others) saw its strongest return (+12.2%) since 1987; for the storied Dow Jones index in the US it was the fourth best month since the Great Depression era (+11.8%).

The fund's average equity position performed similarly strongly rising over 15%, reflecting our ongoing tilt towards recovery-sensitive value stocks. Our equities overall contributed 5.7% to the monthly performance. On the other side of the ledger were those protective assets that performed so strongly in the down-crash of March: options (-0.4%) and gold (-0.7%). The damage here has been limited by profit-taking in recent months.

Conspicuous by its absence from these statistics is the bond market. Bond yields hardly reacted in November. Their progress from here is of enormous importance for asset prices. Equity markets are racing to assert that the vaccine allows the investor a line of sight to strong economic growth in 2021. If bond markets come to share this view, then yields could rise steeply. This would undermine the central foundation of high asset prices. Gold, growth stocks and credit would all suffer. Few assets would benefit with value stocks, especially energy and financial stocks being the exception. These are well represented in the portfolio. If, instead, the US Federal Reserve succeeds in capping bond yields, while taking a relaxed stance on rising inflation, then initially all asset classes may benefit, with the notable exception of the US dollar. Commodities and inflation-linked bonds will likely be at the forefront.

So where now for markets and the fund? Conscious of the economic reality on the ground, the portfolio is protected against a deflationary default cycle with the credit protection strategies that performed so well in March. Our greater conviction, however, is that governments will continue to rely on the now trusted 'More Money Today' strategy of fiscal and monetary stimulus, making today's lockdowns yesterday's concern. The vaccines allow equity markets to see a bridge to a brighter world, just over the horizon. If this is right, then value stocks will have their day in the sun, before the hangover of dealing with the financial cost of the pandemic is truly addressed through financial repression. Our equity exposure is designed to benefit from this interlude and the index-linked bonds are there for the aftermath.

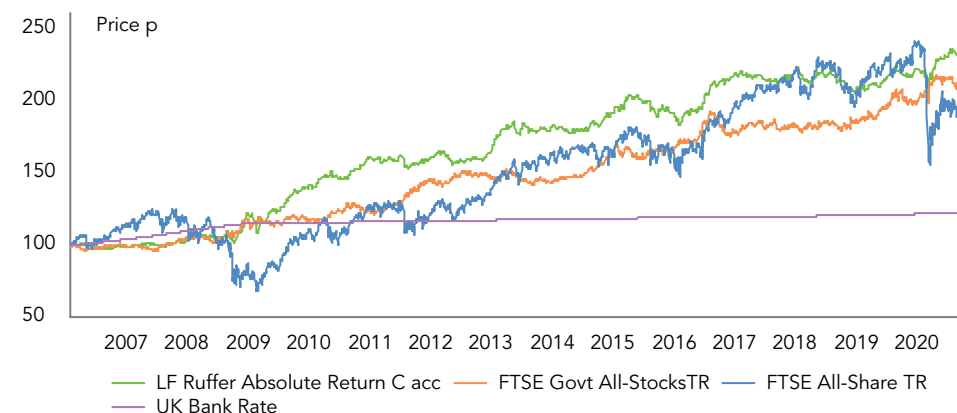
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



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



C accumulation shares	Performance %	Share price as at 30 November 2020	p
November 2020	4.7	O accumulation	229.73
Year to date	8.0	O income	174.25
1 year	10.1	C accumulation	239.85
3 years	10.7	C income	182.23
5 years	23.3		
10 years	54.5		

12 month performance to September 2020 %	2016	2017	2018	2019	2020
LF Ruffer Absolute Return C acc	12.2	0.4	1.6	1.6	5.8
FTSE Govt All-StocksTR	12.6	-3.6	0.6	13.4	3.4
FTSE All-Share TR	16.8	11.9	5.9	2.7	-16.6
UK Bank Rate	0.5	0.2	0.5	0.8	0.4

Source: Ruffer LLP, FTSE International (FTSE) †

LF Ruffer Absolute Return Fund as at 30 Nov 2020

Asset allocation



Asset allocation

	%
Non-UK index-linked	25.8
Long-dated index-linked gilts	10.5
Gold and gold equities	7.3
Illiquid strategies and options	7.1
Short-dated bonds	4.0
Cash	3.1
Index-linked gilts	1.9

UK equities	15.7
Japan equities	9.0
North America equities	6.6
Europe equities	6.2
Asia ex-Japan equities	2.6

Currency allocation

	%
Sterling	80.5
Gold	7.5
US dollar	5.9
Yen	2.2
Euro	0.1
Other	3.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.8
iShares Physical Gold	2.2
BP	1.4
NatWest Group	1.2
Barclays	1.2
American Express	1.2
Royal Dutch Shell	1.1
Countryside Properties	1.0
Yara International	1.0
Tesco	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.7
US Treasury 0.875% TIPS 2029	3.4
US Treasury 0.25% TIPS 2050	3.1
US Treasury 0.25% TIPS 2029	2.9
UK Treasury index-linked 1.25% 2055	2.8

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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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.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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.

Fund size £4,713.3m

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	0.77	0.77
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	

	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	Ernst & Young 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.



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.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2020, assets managed by the Ruffer Group exceeded £19.6bn.

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