

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility

Despite ongoing stresses in the US banking system, asset markets collectively shrugged their shoulders in April. According to Deutsche Bank, despite the second largest ever banking failure in the US, it was in fact the least volatile month since the pandemic. It won't surprise that we are not so sanguine.

Banking crises always lead to credit contractions. We are seeing this play out now: National Federation of Independent Business small business credit conditions are approaching GFC levels, whilst both the Fed Beige Book and the Senior Loan Officer Opinion Survey are signalling further declines in credit availability coming down the tracks. What is particularly pernicious today is the additional undermining of trust in the security of deposits. This is where the banking crises of March intersect with our fears of an asset market liquidation. As a reminder, central to the argument was that changes in the size and composition of the Fed's balance sheet would be damaging to asset markets. On the one hand, we have seen an immediate (but supposedly temporary) increase in the size of the Fed's balance sheet. On the other hand, a light has been shone on the relative danger of uninsured banking deposits compared to government backed money market funds. Given the fact that the increased safety of the latter actually comes with a higher interest rate, we expect deposit flight from banks to continue despite continued efforts to reinforce the regulatory system. Not only will this lead to further scrutiny of the increasing levels of taxpayer deposit guarantees, but it will continue to undermine the ability of commercial bank balance sheets to act as a shock-absorber for any distress in financial markets.

At Ruffer, we always aim to create a portfolio that is robust to multiple future pathways. The fine line between monetary and financial stability is central to how the portfolio is positioned today. If the Federal Reserve prioritises financial stability concerns, continues to expand its balance sheet and sets the scene for interest rate cuts before inflation is wrung out of the system, then we enter the next phase of the inflationary regime. Under this scenario our portfolio allocations to inflation-linked bonds, gold and commodities should get an immediate tailwind. However, if the Federal Reserve continues to focus on bringing inflation down through monetary tightening, then we fear that liquidation risk comes to the fore. If interest rates remain where they are, let alone go higher, and quantitative tightening continues (proving the recent central bank balance sheet expansion to be as temporary as originally claimed), then the painful chokehold of the interest rate squeeze will continue. In this environment, the portfolio is protected by its low equity weight (both gross and net) and potent protections against likely distress in credit markets.

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.

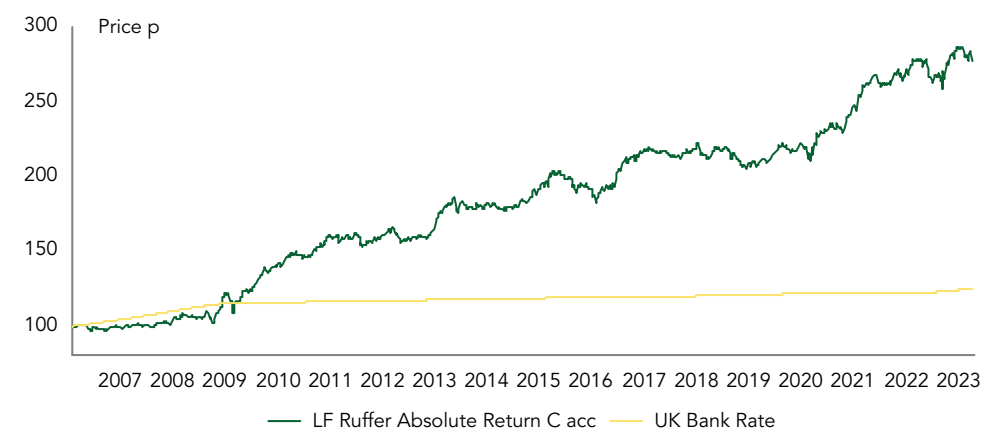


C class April 2023 Issue 206

Investment objective

To seek to achieve positive returns in all market conditions over any 12 month period, after all costs and charges have been taken. Underlying this objective is a fundamental philosophy of capital preservation. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any twelve-month period.

Performance since fund launch on 31 January 2006



C accumulation shares	Performance %	Share price as at 28 April 2023	p
April 2023	-1.9	C accumulation	276.07
Year to date	-3.1	C income	198.18
1 year	-0.8		
3 years	20.6		
5 years	27.6		
10 years	51.6		

12 month performance to March %	2019	2020	2021	2022	2023
LF Ruffer Absolute Return C acc	-1.0	2.9	20.3	6.8	1.0
UK Bank Rate	0.7	0.7	0.1	0.2	2.3

Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund's prospectus.

LF Ruffer Absolute Return Fund as at 28 Apr 2023

Asset allocation



Asset allocation	%
Short-dated bonds	25.0
Index-linked gilts	16.9
Cash	13.5
Long-dated index-linked gilts	8.1
Gold exposure and gold equities	7.4
Non-UK index-linked	4.1
Protection strategies and options	-0.3
Commodity exposure	9.3
UK equities	5.8
Europe equities	3.1
North America equities	2.9
Asia ex-Japan equities	2.1
Japan equities	1.7
Other equities	0.5
Currency allocation	
Sterling	65.6
Yen	16.2
Australian dollar	8.8
US dollar	3.3
Euro	0.2
Other	5.9

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares MSCI China A UCITS ETF	0.9
Ambev SA	0.5
BP	0.5
Shell	0.5
Taiwan Semiconductor Manufacturing Co	0.5
Royal Vopak	0.4
Amazon	0.4
Swire Pacific	0.3
Coty	0.3
Ryanair	0.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	8.6
UK Treasury index-linked 0.125% 2026	4.8
Japanese govt bonds 0.005% 1 Jun 2024	4.7
Japanese govt bonds 0.005% 1 Apr 2024	4.7
Japanese govt bonds 0.005% 1 May 2024	4.7

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

Fund size **£4,383.2m**

Fund information

Ongoing Charges Figure	1.21
Annual management charge	1.20
Maximum initial charge	7.5
Yield	3.12
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	Accumulation GB00B0XP2X86	Income GB00B0XP1T75
SEDOL	B0XP2X8	B0XP1T7
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 the University of 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

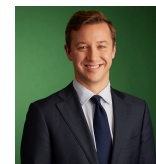


Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in 2003. He is co-manager of two of Ruffer's flagship funds.

Jos North

INVESTMENT DIRECTOR

Joined Ruffer in 2012 and now leads Ruffer's UK institutional business, including UK defined benefit, defined contribution and local government pension schemes, and UK charities. He is a member of the CISI, following completion of the CISI diploma and co-manages two of Ruffer's flagship funds.



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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.

Ruffer LLP

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