

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



During December the fund price rose by 2.0%. This compared with a rise of 3.3% in the FTSE All-Share Index and a fall of 1.3% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

One of the notable changes in recent years has been the relentless flow of shocking news events. It is scarcely believable that in a single month we could witness the impeachment of a US president, a decisive political shift in the UK General Election, the announcement of a new head of the Bank of England, the agreement of a trade deal between the world's two largest economies and a possible reinterpretation of the mandate of the world's most influential central bank. And yet all these events occurred in December alone. What is more, investors have become immune to this level of sensational activity to such an extent that markets hardly flinched in either direction. For better or worse, these are truly medicated markets, driven by liquidity flows more than fundamentals.

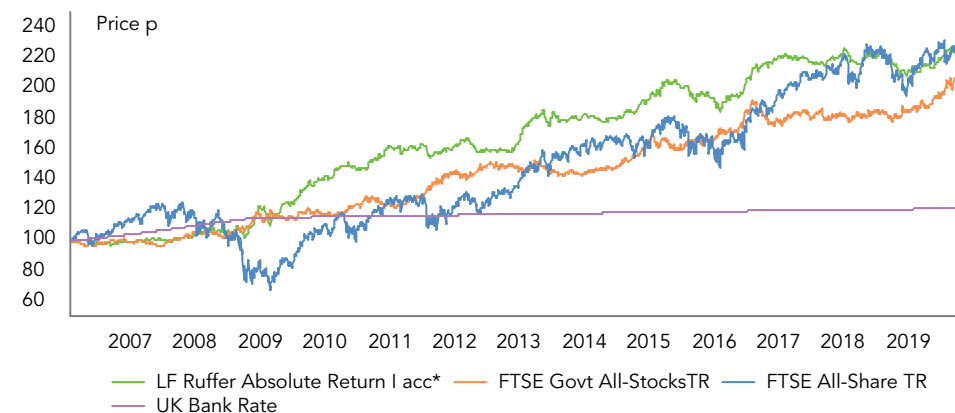
We had already hedged much of our overseas currency exposure prior to December and this insulated the portfolio from further sterling strength in the run up and aftermath of the Tory election victory. Furthermore, the 35% reduction in the duration of the index-linked book, after a strong run through the summer, has helped. While focus will quickly shift to the mechanics of a UK/EU trade deal, the UK economy looks set to benefit from greater political certainty and forward momentum on Brexit. This will draw in capital, which had been sidelined while global investors waited to see which way the cards would fall in the election. We should expect to see a pick-up in corporate activity and probably rising consumer confidence even if the fiscal boost takes longer to come through. UK assets look cheap in an expensive world even after the post election bounce. In recent months we have been adding to UK equities which now represent the portfolio's largest geographical equity allocation. These holdings contributed strongly to December's performance.

Looking forward, while we see opportunities in equity markets, we worry about the combination of highly indebted corporates and consumers, widespread insouciance on inflation and growing concerns about liquidity mismatches. A year ago no one thought that markets would rise in the coming year and now no one thinks that they can fall. We remain positioned to protect and grow our investors' assets in either outcome.

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 %	December 2019	Year to date	1 year	3 years	5 years	10 years	
I accumulation shares	2.0	8.7	8.7	3.1	17.3	61.2	
Percentage growth (I acc)	%	Share price as at 31 December 2019					p
31 Dec 2018 – 31 Dec 2019	8.7	I income					175.03
31 Dec 2017 – 31 Dec 2018	-6.3	I accumulation					225.62
31 Dec 2016 – 31 Dec 2017	1.2						
31 Dec 2015 – 31 Dec 2016	13.1						
31 Dec 2014 – 31 Dec 2015	0.6						

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.

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 8 Aug 2012. This is based upon a simulated/extended track record, using the track record of LF Ruffer Absolute Return Fund C acc.

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 31 Dec 2019

Asset allocation



Asset allocation %

● Non-UK index-linked	20.2
● Cash	9.7
● Long-dated index-linked gilts	9.6
● Gold and gold equities	7.0
● Illiquid strategies and options	5.5
● Short-dated bonds	4.6
● Index-linked gilts	2.0

Currency allocation



Currency allocation %

● Sterling	80.1
● Yen	8.0
● Gold	7.1
● Euro	1.1
● Other	3.7

10 largest of 63 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
Walt Disney Company	1.9
Tesco	1.9
Sony	1.6
Bristol-Myers Squibb	1.4
Royal Bank of Scotland	1.4
iShares Physical Gold	1.3
BP	1.1
ExxonMobil	1.1
BHP Group	1.1

5 largest of 14 bond holdings

Stock	% of fund
US Treasury TIPS 1.25% 2020	5.8
UK government 2.0% 2020	4.6
US Treasury 1.125% TIPS 2021	4.5
US Treasury 0.125% TIPS 2021	3.8
UK Treasury index-linked 0.125% 2068	3.7

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

Fund size **£4,751.9m**

Fund information

Ongoing Charges Figure	1.03
Annual management charge	1.00
Maximum initial charge	7.5
Yield	1.68
Minimum investment	£30m
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 GB00B81SXL02 Income GB00B83HRZ70
SEDOL	B81SXL0 B83HRZ7
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

Enquiries

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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

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