

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility



I class September 2020 Issue 175

During September the fund price rose by 0.4%. This compares with a fall of 1.7% in the FTSE All-Share Index and a rise of 1.0% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

As is often the case, September heralded a distinct change in tone in markets. Global equities registered only their second negative month since March, but our offsets worked as we hoped. Index-linked bonds and foreign currency exposure more than countered the fall in equities. The reversal in markets was triggered by a number of risks that have been bubbling under the surface yet were ignored during the frothy days of August. The US Congress remains at an impasse in negotiations on further stimulus and partisan issues moved up the agenda with the presidential election now in plain sight. In Europe covid cases are increasing again, while Brexit brinkmanship has returned with a vengeance. If the Brexit discourse is a re-run of last year and a deal can be agreed, our domestic UK stocks will do well (as will sterling) at a time when index-linked gilts may be under pressure – another example of trying to be not wrong rather than precisely right.

Japan stuck out in September not just because it was one of the few equity markets that registered a positive return but because it did so at a time of political change. The relatively seamless transition from Shinzo Abe to Yoshihide Suga, formerly his chief cabinet secretary, was in stark contrast to the political ructions elsewhere. We have written previously how rock solid balance sheets and high cash balances in Japanese companies have meant that they are ideally placed to ride through the events of this year. Compare this with the dividend cuts and capital raising seen closer to home. Suga has vowed to re-energise the third arrow of Abenomics: structural reforms. While this may not be shock and awe for investors, the effects may be meaningful. The announcement to speed up the digitisation of Japan's economy through a new Digital Ministry boosted some of the fund's core Japanese holdings. Fujitsu, NTT Data and summer purchase NEC will all benefit from an increase in IT spending and the last two stocks rose by over 10% during September. Japanese equities remain an important part of the portfolio and make up a significant part of our equity exposure.

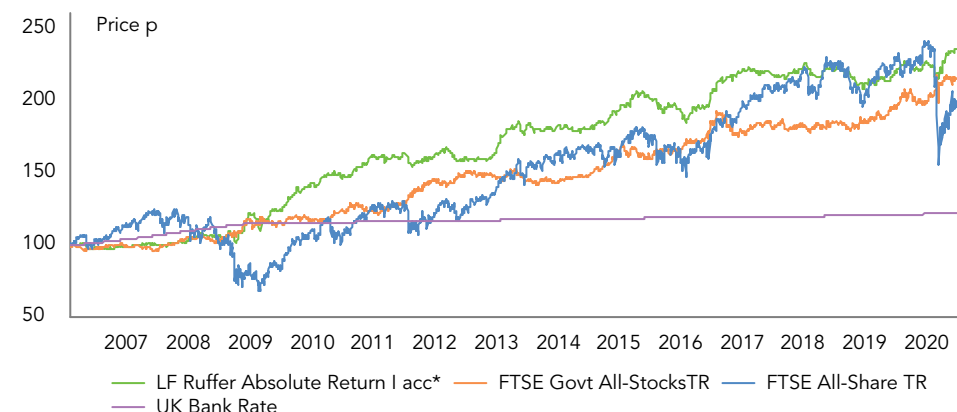
Taking stock three quarters of the way through the year, the investment strategy has delivered thus far – we protected investors through the turmoil of the first quarter and captured much of the bounce in the following six months. Looking ahead there are clear uncertainties with the US election, Brexit negotiations and, of course, the path of the virus. We need to tread a fine line between capturing opportunities for growth and keeping the portfolio protected in distorted markets, but the results so far are encouraging.

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.

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 %	September 2020	Year to date	1 year	3 years	5 years	10 years
I accumulation shares	0.4	5.1	6.0	9.8	24.2	56.3
Percentage growth (I acc)	%		Share price as at 30 September 2020			
30 Sep 2019 – 30 Sep 2020	6.0		I income		182.36	
30 Sep 2018 – 30 Sep 2019	1.8		I accumulation		237.06	
30 Sep 2017 – 30 Sep 2018	1.8					
30 Sep 2016 – 30 Sep 2017	0.6					
30 Sep 2015 – 30 Sep 2016	12.5					

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 30 Sep 2020

Asset allocation



Asset allocation %

● Non-UK index-linked	26.9
● Long-dated index-linked gilts	11.2
● Gold and gold equities	9.9
● Illiquid strategies and options	8.3
● Short-dated bonds	6.8
● Cash	4.2
● Index-linked gilts	2.1

Currency allocation



Currency allocation %

● Sterling	76.5
● Gold	9.8
● US dollar	7.7
● Yen	3.2
● Euro	0.1
● Other	2.7

10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.6
Lloyds Banking Group	2.1
BP	1.2
Kinross Gold	1.1
Wheaton Precious Metals	1.1
Tesco	1.0
American Express	0.9
NatWest Group	0.8
Newcrest Mining	0.8
Mitsubishi Electric	0.8

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.9
UK Treasury 1.5% 2021	4.7
US Treasury 0.875% TIPS 2029	3.8
US Treasury 0.25% TIPS 2029	3.2
UK Treasury index-linked 1.25% 2055	3.0

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

Fund size **£4,368.4m**

Fund information

	%
Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	7.5
Yield	0.80
Minimum investment	£25m
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	Income
	GB00B81SXL02	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

Ruffer LLP
80 Victoria Street
London
SW1E 5JL
www.ruffer.co.uk

+44 (0)20 7963 8254
rif@ruffer.co.uk

† © FTSE 2020. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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.



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.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2020, assets managed by the Ruffer Group exceeded £19.9bn.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2020