

# LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility

During March, the fund price rose by 2.7%. This compared with a rise of 4.0% in the FTSE All-Share index and no change in the FTSE Govt All Stocks index (all figures total returns in sterling). Index-linked gilts and cyclical equities were the main contributors to performance while options, gold and US index-linked bonds were a small drag on returns.

Closing the books on the first quarter, we are pleased to be up 7.3%. Global equities also had a good start – the FTSE All-World was up 4.0% as investors started to visualise what a recovery will feel like.

Meanwhile, most multi-asset strategies and conventional portfolios were either side of breakeven.

Conventional portfolios have become, by design and by default (via benchmarking), wired to the assets which performed well in the last market regime. That was a period of low economic growth and falling inflation. In a nutshell, this equated to prioritising conventional bonds over inflation-linked bonds, a preference for growth over value and for technology over everything. The problem is that in the new regime these might all be the wrong trades.

Today, we expect an economic boom in the latter half of the year and hopefully into 2022. What is the recipe? Take one part pent up animal spirits, mix with accumulated lockdown savings, pour on lashings of stimulus – serve in a supply constrained glass. Even central bankers are in party mood – they have said they will not take away the punchbowl until we have overshot policy objectives.

In this world, there will be ample opportunity for businesses that have survived covid to grow sales and earnings – so the premium put on growth stocks will no longer be valid. Expect cyclical and value stocks to perform best. In the bond market, the US ten year yield has more than tripled from the August lows and sits at 1.7%, but it is still lower than where it ended 2019. This is where the real conundrum lies. The Barclays Long Treasury Index is down over 20% since August, its worst fall in 40 years, reminding everyone there is still risk in this supposedly risk-free asset. Rising yields are also starting to cause stresses elsewhere. The tide going out revealed Archegos and Greensill to be swimming naked and gold is down 15% from the autumn peak where we were taking profits.

Our Chief Investment Officer, Henry Maxey, expands upon the idea that traditional portfolios are going to get chomped by ‘Jurassic risk’ in our latest [Ruffer Review](#). Of course, it is possible this is just a cyclical upswing before disinflationary forces reassert themselves, but we think the game has changed.

For the new regime, investors need to be more creative in their diversification and protections. Government and corporate bonds are a mathematically bounded asset class offering low returns and limited protective qualities. We continue to see a competitive advantage in the expertise we have accumulated in unconventional protections and also think index-linked bonds will become a key asset class in the future.

As for inflation, as George Soros said “I’m not predicting it, I’m observing it.” Houses, used cars, microchips, the cost of shipping – it’s happening right now. We have our protections and a game plan in place.

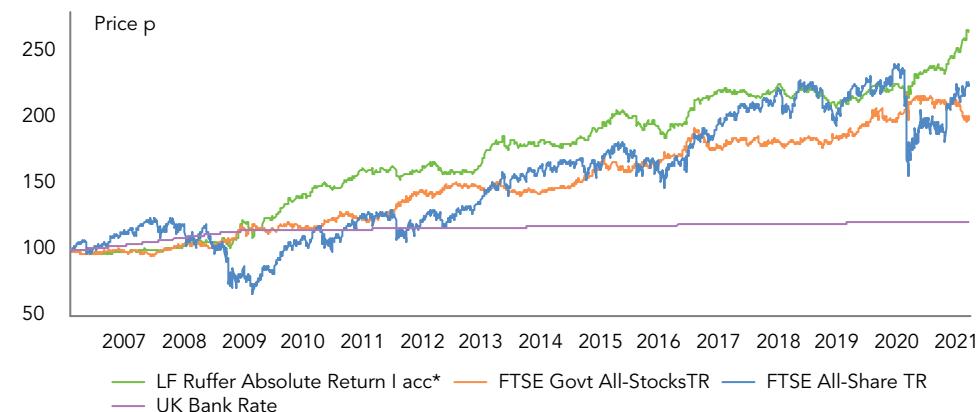
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



I accumulation shares	Performance %	Share price as at 31 March 2021	p
March 2021	2.7	I income	203.37
Year to date	7.3	I accumulation	265.77
1 year	20.5		
3 years	23.2		
5 years	36.9		
10 years	66.0		

12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer Absolute Return I acc*	12.6	-1.3	-0.8	3.1	20.5
FTSE Govt All-StocksTR	6.6	0.5	3.7	9.9	-5.5
FTSE All-Share TR	22.0	1.2	6.4	-18.5	26.7
UK Bank Rate	0.3	0.4	0.7	0.7	0.1

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.

# LF Ruffer Absolute Return Fund as at 31 Mar 2021

## Asset allocation



## Asset allocation %

● Non-UK index-linked	21.3
● Long-dated index-linked gilts	9.7
● Illiquid strategies and options	8.3
● Gold and gold equities	7.7
● Short-dated bonds	5.0
● Cash	3.9
● Index-linked gilts	1.8
● UK equities	17.5
● Japan equities	8.3
● North America equities	7.1
● Europe equities	5.6
● Asia ex-Japan equities	3.8

## Currency allocation %

● Sterling	76.7
● US dollar	10.2
● Gold	7.9
● Yen	0.8
● Euro	0.2
● Other	4.2

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	3.0
iShares Physical Gold	2.8
Barclays	1.9
Countryside Properties	1.4
NatWest Group	1.4
BP	1.4
Centene	1.3
Cigna	1.2
Bristol-Myers Squibb	1.1
Yara International	1.1

## 5 largest bond holdings

Stock	% of fund
UK Treasury 0.125% 2023	5.0
UK Treasury index-linked 0.125% 2068	3.9
US Treasury 0.875% TIPS 2029	3.0
US Treasury 0.25% TIPS 2029	2.6
UK Treasury index-linked 1.25% 2055	2.4

\*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](http://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 £5,018.3m

## Fund information

	%
Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	7.5
Yield	0.78
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

	Accumulation	Income
ISIN	GB00B81SXL02	GB00B83HRZ70

SEDOL	B81SXL0	B83HRZ7
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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.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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