

LF Ruffer Absolute Return Fund

Positive absolute returns with low volatility

During June, the fund price fell by 4.3%. This compared with a return on the UK Bank Rate of 0.1%.

June began calmly, as markets (like us) mooted the idea that the worst of the inflation and interest rate damage might be past. The CPI inflation release on June 10 put paid to any such thinking, catalysing a sharp selloff in both bond and equity markets as global central banks accelerated their interest rate hikes. On a global basis nothing escaped the selloff: no major asset class delivered a positive return in the month, with the exception of Chinese equities. The last time this happened was in March 2020 in the depths of the covid crisis.

June's inflation release closed the window for a potential equity market rally by shifting the moment of peak inflation later into the year. We have high conviction that the triple tightening being executed by the Federal Reserve is likely to prove exceptionally damaging to financial markets over the next few months, meaning there will not be time for the peak inflation thesis to prove itself before markets or the economy crack under the tightening pressure.

We reflect this with the lowest weight to equities (25%) for the Ruffer strategy since March 2003. This is accompanied by a full suite of derivative protections. There are times in the market cycle that just need to be got through and we have to accept some volatility in the returns. Our preoccupation remains in avoiding a permanent and significant loss of capital.

Looking at June in isolation this extreme defensiveness was not enough. The only large positive contribution (+1%) came from the credit protections (these express a bearish view on corporate bonds) and the protective options (these express a bearish view on equity markets and interest rates), showing once again the importance of unconventional assets. Equities detracted around 2.5% from performance, with the allocation to Alibaba the only bright spot. Gold exposure and inflation-linked bonds accounted for most of the remaining negative performance.

In an episode of surprising and persistently high inflation, no allocation to risk escapes repricing. This has become clear to public market investors this year and will become clear to private market investors when their asset managers deign to reprice their private assets accurately (our bet: 2025). An allocation to cash is an underrated decision in such an environment because it offers the certainty of a slow loss. We have talked previously about putting the portfolio into a 'crouched' position - we are now unequivocally flat on the ground as bullets whizz overhead.

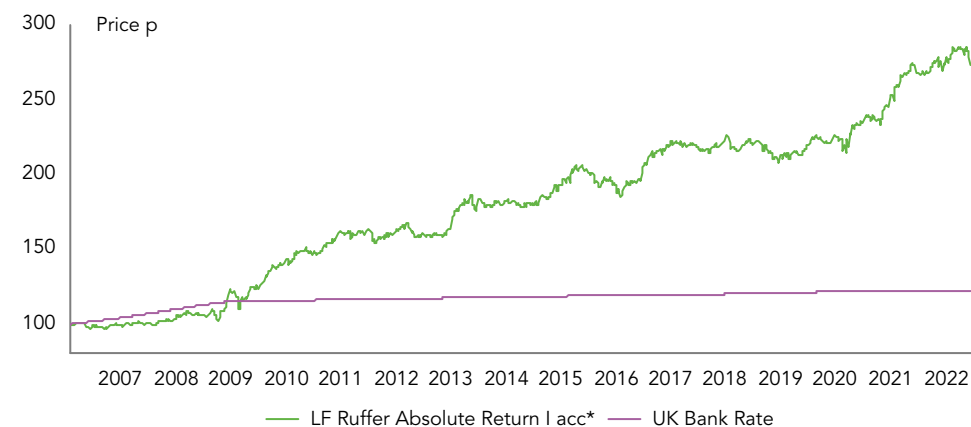


I class June 2022 Issue 196

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



I accumulation shares	Performance %	Share price as at 30 June 2022	p
June 2022	-4.3	I income	204.57
Year to date	0.0	I accumulation	272.48
1 year	1.9		
3 years	25.4		
5 years	25.2		
10 years	70.8		

12 month performance to June %	2018	2019	2020	2021	2022
LF Ruffer Absolute Return I acc*	1.4	-1.4	7.9	14.0	1.9
UK Bank Rate	0.4	0.7	0.6	0.1	0.4

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.

Source: Ruffer LLP * 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 30 Jun 2022

Asset allocation



Asset allocation %

• Cash	14.9
• Non-UK index-linked	12.6
• Index-linked gilts	11.6
• Short-dated bonds	10.7
• Gold exposure and gold equities	10.5
• Long-dated index-linked gilts	8.0
• Protection strategies and options	3.2
• UK equities	11.1
• North America equities	6.4
• Japan equities	5.0
• Europe equities	4.7
• Other equities	1.2

Currency allocation %

• Sterling	63.6
• Yen	11.1
• US dollar	6.1
• Australian dollar	6.0
• Euro	4.6
• Other	8.6

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.3
Cigna	1.2
Hertz	1.1
Vodafone Group	1.0
Ambev SA	0.9
BAE Systems	0.8
Aena SME SA	0.8
KPN	0.7
NatWest Group	0.6
Mitsubishi UFJ Financial Group	0.5

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	7.7
US Treasury 0.125% TIPS 2023	5.4
US Treasury 0.625% TIPS 2023	4.1
US Treasury FRN 2024	4.0
UK Treasury index-linked 0.125% 2068	3.1

*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 **£4,822.2m**

Fund information

	%
Ongoing Charges Figure	1.03
Annual management charge	1.00
Maximum initial charge	7.5
Yield	1.92
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

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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.



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 May 2022, assets managed by the Ruffer Group exceeded £26.6bn.

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