

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



C class December 2019 Issue 204

During December the fund price rose by 1.9%. 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.

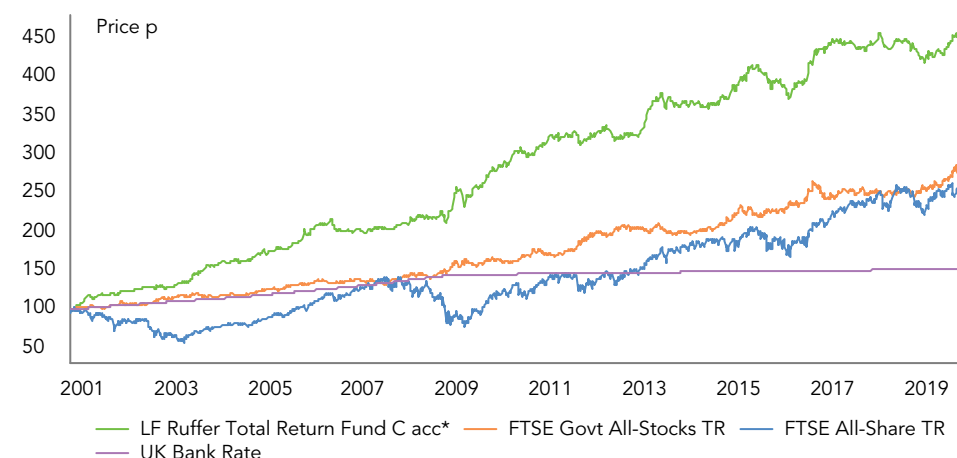
We had already hedged much of our overseas currency exposure prior to December and this insulated the portfolio from further sterling strength in the run up to and aftermath of the Tory election victory. Furthermore, the 35% reduction in the duration of the index-linked book, after a strong run through 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, positive returns from an actively managed portfolio of different asset classes, including equities, 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, other transferable securities and derivatives and forward transactions. Pervading this objective is a fundamental philosophy of capital preservation.

Performance since fund launch on 29 September 2000



Performance %	December 2019	Year to date	1 year	3 years	5 years	10 years
C accumulation shares	1.9	8.4	8.4	2.3	16.3	59.0

Percentage growth (C acc)	%	Share price as at 31 December 2019	p
31 Dec 2018 – 31 Dec 2019	8.4	C income	295.72
31 Dec 2017 – 31 Dec 2018	-6.5	C accumulation	452.67
31 Dec 2016 – 31 Dec 2017	0.9		
31 Dec 2015 – 31 Dec 2016	14.1		
31 Dec 2014 – 31 Dec 2015	-0.3		

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 Investment Funds is a UK UCITS. The LF Ruffer Total Return Fund 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 Total 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, 12 Sept 2012. This is based upon a simulated/extended track record, using the track record of LF Ruffer Total Return Fund O 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 Total Return Fund as at 31 Dec 2019

Asset allocation

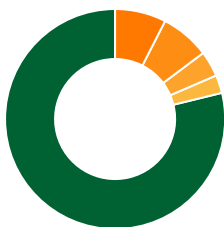


Asset allocation	%
Non-UK index-linked	20.6
Long-dated index-linked gilts	9.6
Cash	7.5
Illiquid strategies and options	7.3
Gold and gold equities	6.9
Short-dated bonds	4.6
Index-linked gilts	2.0

UK equities	15.5
North America equities	9.4
Japan equities	8.1
Europe equities	5.3
Asia ex-Japan equities	3.1

Currency allocation	%
Sterling	78.9
Yen	7.6
Gold	7.0
Euro	2.5
Other	4.0

Currency allocation



10 largest of 63 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
Tesco	1.9
Walt Disney Company	1.8
Bristol-Myers Squibb	1.4
Sony	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	5.9
US Treasury 1.125% TIPS 2021	4.6
UK government 2.0% 2020	4.6
US Treasury 0.125% TIPS 2021	3.9
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.

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.

† © FTSE. '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 size **£3,201.8m**

Fund information

Ongoing Charges Figure	1.22
Annual management charge	1.20
Maximum initial charge	5.0
Yield	1.52
Minimum investment	£1,000
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 GB00B80L7V87 Income GB00B58BQH88
SEDOL	B80L7V8 B58BQH8
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 LF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs

Dealing line **0345 601 9610**

Enquiries

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

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

www.ruffer.co.uk

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.



Matt Smith

INVESTMENT DIRECTOR

Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He spent 2015 seconded to Ruffer's Hong Kong office as an equity analyst, and is a fellow of the Chartered Institute for Securities & Investment, having achieved a distinction in the Financial Derivatives paper. He primarily manages portfolios for pension schemes and institutions.



Alexander Chartres

INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. In 2012, he became a member of the Chartered Institute for Securities & Investment. He specialises in geopolitics and its investment implications, with a particular focus on European and Great Power politics.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2019, assets managed by the Ruffer Group exceeded £19.8bn.

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

