

# LF Ruffer Total Return Fund

Positive absolute returns with low volatility



C class April 2022 Issue 232

During April, the fund price fell by 0.3%. This compared with a rise of 0.3% in the FTSE All Share Index and a fall of 2.8% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

April turned out not to be the kindest month. After a dismal first quarter, when investors lost money in both bonds and global equities, April gave us more of the same, only worse. Bond yields resumed their upward march as inflation hit new highs, making this year the worst period for benchmark US 10 year treasuries since 1788 - just before George Washington became president! Equity markets also disappointed with the S&P 500 off 8.8% in the month and the Nasdaq dropped 13.3%. The UK equity market outperformed again, holding steady in April. This is due to the sectoral composition – with a heavy bias to energy, miners and value - rather than a vote of confidence in the UK economy. Sterling fell almost 5% against the dollar, although admittedly most other currencies were also weak versus the greenback.

Against this backdrop the fund performed relatively well in April. Looking further back at year-to-date performance, there is some cause for satisfaction – up 4% when almost all asset classes are well into negative territory. This month's gold stars for achievement went once again to the protection assets; interest rate options and credit protections. An honourable mention should go to the fund's equity holdings as energy stocks and what we call 'value defensives' (telecoms, healthcare and pharmaceuticals) made gains. Importantly of course, in any kind of bear market, it is what you don't own that matters more than what you do own. Our avoidance not just of profitless tech, but also of outrageously profitable (but expensive) tech, has allowed our equities in aggregate to make a positive return so far in 2022.

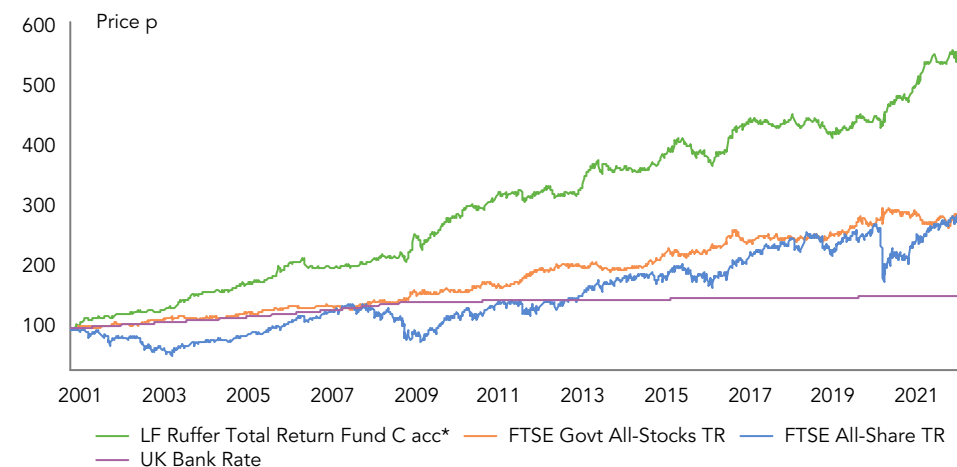
Having predicted the return of inflation for many years, we now doubt the resolution of central banks to raise rates sufficiently far to choke it off. However, there is little doubt that interest rates are set to rise further. This means the key question right now is what will break first, the market or the economy? With unemployment at record lows, it seems most likely to us that stock markets, bonds and credit snap before the economy hits recession, but we cannot be certain of this. There is also the risk that the bursting of over inflated bubbles in one part of the market can drag everything else down. Accordingly, we remain cautiously positioned with 36% in equities and now almost half of that in more defensive stocks. Should a recession be triggered we have positions in credit protection that should benefit the portfolio as corporate defaults rise.

The world has turned out to be more uncertain and more unpleasant than we expected at the start of the year. However, even as we watch what seems like a slow-motion car crash in equities, we remain confident that we can continue to protect investors' capital and make a reasonable return.

## 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



C accumulation shares	Performance %	Share price as at 29 April 2022	p
April 2022	-0.3	<b>C income</b>	<b>361.84</b>
Year to date	3.6	<b>C accumulation</b>	<b>571.15</b>
1 year	5.1		
3 years	31.7		
5 years	29.3		
10 years	75.5		

12 month performance to March %	2018	2019	2020	2021	2022
LF Ruffer Total Return Fund C acc*	-1.4	-0.8	4.0	20.3	6.1
FTSE Govt All-Stocks TR	0.5	3.7	9.9	-5.5	-5.1
FTSE All-Share TR	1.2	6.4	-18.5	26.7	13.0
UK Bank Rate	0.4	0.7	0.7	0.1	0.2

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, 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.

# LF Ruffer Total Return Fund as at 29 Apr 2022

## Asset allocation



## Asset allocation %

Short-dated bonds	23.1
Long-dated index-linked gilts	10.6
Gold exposure and gold equities	9.9
Cash	8.0
Non-UK index-linked	4.7
Index-linked gilts	3.9
Illiquid strategies and options	3.4
UK equities	13.6
Europe equities	8.2
North America equities	6.6
Japan equities	5.5
Asia ex-Japan equities	1.2
Other equities	1.1

## Currency allocation



## Currency allocation %

Sterling	61.3
US dollar	14.9
Yen	7.1
Australian dollar	5.0
Euro	2.2
Other	9.5

## 10 largest equity holdings\*

Stock	% of fund
BP	2.3
Bayer	1.8
BP ADR	1.3
Hertz	1.2
Banco Santander	1.2
Alibaba Group Holdings	1.2
Vodafone Group	1.0
Shell	1.0
NEC	1.0
Mitsubishi UFJ Financial Group	0.9

## 5 largest bond holdings

Stock	% of fund
US Treasury FRN 2023	6.7
US Treasury FRN 2024	4.5
US Treasury FRN 2023	4.5
UK Treasury index-linked 0.125% 2068	3.8
UK Treasury index-linked 0.125% 2065	3.7

\*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 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.

Fund size £3,587.7m

## Fund information

	%
Ongoing Charges Figure	1.22
Annual management charge	1.20
Maximum initial charge	5.0
Yield	1.76
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

	Accumulation	Income
ISIN	GB00B80L7V87	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

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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.



### Matt Smith

#### INVESTMENT DIRECTOR

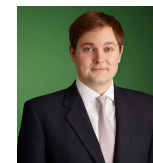
Joined Ruffer in 2011 after graduating from the University of Edinburgh with a first class honours degree in history and German. He spent 2015 seconded to Ruffer's Hong Kong office, and is a fellow of the Chartered Institute for Securities & Investment. He co-manages two of Ruffer's flagship funds.



### Alexander Chartres

#### INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He is a member of the Chartered Institute for Securities & Investment and he co-manages two of Ruffer's flagship funds.



## Ruffer LLP

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