LF Ruffer Total Return Fund

Positive absolute returns with low volatility

C class April 2023 **Issue 244**

Despite ongoing stresses in the US banking system, asset markets collectively shrugged their shoulders in April. According to Deutsche Bank, despite the second largest ever banking failure in the US, it was in fact the least volatile month since the pandemic. It won't surprise that we are not so sanguine.

Banking crises always lead to credit contractions. We are seeing this play out now: National Federation of Independent Business small business credit conditions are approaching GFC levels, whilst both the Fed Beige Book and the Senior Loan Officer Opinion Survey are signalling further declines in credit availability coming down the tracks. What is particularly pernicious today is the additional undermining of trust in the security of deposits. This is where the banking crises of March intersect with our fears of an asset market liquidation. As a reminder, central to the argument was that changes in the size and composition of the Fed's balance sheet would be damaging to asset markets. On the one hand, we have seen an immediate (but supposedly temporary) increase in the size of the Fed's balance sheet. On the other hand, a light has been shone on the relative danger of uninsured banking deposits compared to government backed money market funds. Given the fact that the increased safety of the latter actually comes with a higher interest rate, we expect deposit flight from banks to continue despite continued efforts to reinforce the regulatory system. Not only will this lead to further scrutiny of the increasing levels of taxpayer deposit guarantees, but it will continue to undermine the ability of commercial bank balance sheets to act as a shock-absorber for any distress in financial markets.

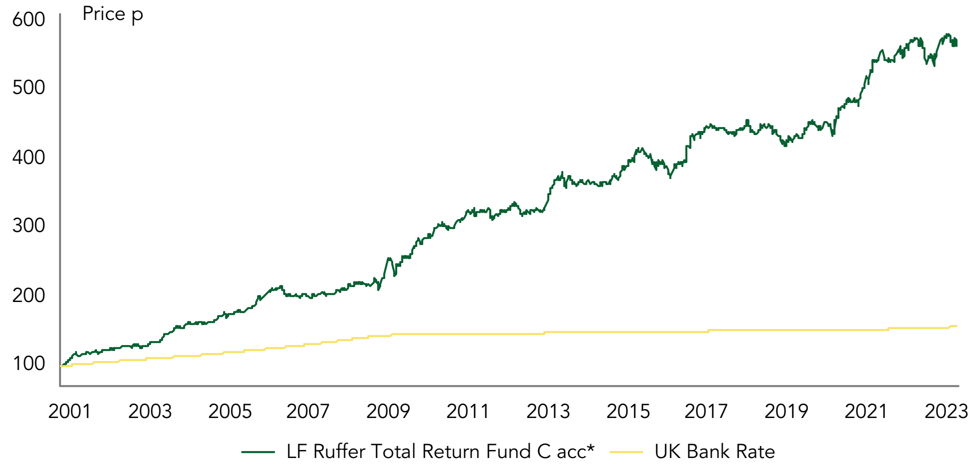
At Ruffer, we always aim to create a portfolio that is robust to multiple future pathways. The fine line between monetary and financial stability is central to how the portfolio is positioned today. If the Federal Reserve prioritises financial stability concerns, continues to expand its balance sheet and sets the scene for interest rate cuts before inflation is wrung out of the system, then we enter the next phase of the inflationary regime. Under this scenario our portfolio allocations to inflation-linked bonds, gold and commodities should get an immediate tailwind. However, if the Federal Reserve continues to focus on bringing inflation down through monetary tightening, then we fear that liquidation risk comes to the fore. If interest rates remain where they are, let alone go higher, and quantitative tightening continues (proving the recent central bank balance sheet expansion to be as temporary as originally claimed), then the painful chokehold of the interest rate squeeze will continue. In this environment, the portfolio is protected by its low equity weight (both gross and net) and potent protections against likely distress in credit markets.

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

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 29 September 2000



C accumulation shares	Performance %
April 2023	-1.7
Year to date	-2.8
1 year	-2.2
3 years	17.9
5 years	26.5
10 years	50.4

Share price as at 28 April 2023	p
C income	**343.91**
C accumulation	**558.75**

12 month performance to March %	2019	2020	2021	2022	2023
LF Ruffer Total Return Fund C acc*	-0.8	4.0	20.3	6.1	-0.8
UK Bank Rate	0.7	0.7	0.1	0.2	2.3

Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund's prospectus. * 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 28 Apr 2023

Asset allocation

Currency allocation

Asset allocation	%
Short-dated bonds	32.8
Cash	12.6
Index-linked gilts	8.2
Long-dated index-linked gilts	7.3
Gold exposure and gold equities	7.0
Non-UK index-linked	6.6
Protection strategies and options	-0.3
Commodity exposure	8.9
UK equities	6.0
Europe equities	3.7
North America equities	3.6
Asia ex-Japan equities	1.9
Japan equities	1.3
Other equities	0.3

Currency allocation	%
Sterling	68.8
Yen	16.2
Australian dollar	6.1
Euro	2.0
US dollar	1.2
Other	5.7

10 largest equity holdings*

Stock	% of fund
BP	1.0
iShares MSCI China A UCITS ETF	0.9
Bayer AG	0.5
Shell	0.5
Royal Vopak	0.4
Swire Pacific	0.4
Amazon	0.4
Alibaba Group Holding	0.3
Ambev SA	0.3
Mitsubishi Electric	0.3

5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Jan 2025	5.0
Japanese govt bonds 0.005% 1 Jun 2024	4.9
Japanese govt bonds 0.005% 1 Apr 2024	4.9
Japanese govt bonds 0.005% 1 Jul 2024	4.9
UK Treasury index-linked 2.5% 2024	4.6

*Excludes holdings in Ruffer funds

Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size £3,300m

Fund information

		%
Ongoing Charges Figure		1.22
Annual management charge		1.20
Maximum initial charge		5.0
Yield		2.85
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 the University of 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. He is co-manager of two of Ruffer's flagship funds.

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 as an equity analyst, and is a fellow of the CISI. 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 CISI and co-manages two of Ruffer's flagship funds.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 March 2023, assets managed by the Ruffer Group exceeded £26.5bn.