

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



I class January 2020 Issue 205

During January the fund price fell 1.6%. This compared with a fall of 3.3% in the FTSE All-Share Index and a rise of 3.5% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

We wrote last month how markets have seemingly become immune to negative news. This continued as 2020 began. The US assassination of Qassem Soleimani, a top general in the Iranian Revolutionary Guard, brought only a temporary hiccup. Despite the clear increase in geopolitical tensions, within days stock markets had recovered, the price of oil had retreated to its pre-attack levels and gold had fallen back to \$1,550. It would seem that the current administration in the United States is rewriting the rules that markets have known and evidently enjoyed for the past decades, yet investors remain unmoved.

Why did equity markets not flinch? Partial, if not full, responsibility, must reside with the actions of global central banks. Overwhelming any geopolitical fears was the support provided by the US Federal Reserve over the year end. They insist that this is 'not QE' but it looks a lot like it. These moves allowed strategists to draw similarities with the Fed's actions around the turn of the millennium. Therefore, the logic goes, there is more to come from October to December's stock market rally. Hopefully, we at Ruffer aren't the only ones who remember how that particular top ended.

These dynamics held until the last few days of January when suddenly there was one news event markets decided not to ignore. We are no epidemiologists but can see how the shutdown of factories, the hit to travel and tourism and the damage to already fragile global trade, might hinder the upward march of stocks. The rise in equity markets last year was driven almost exclusively by valuation expansion and came despite falling economic expectations and stalling profits. Further progress this year probably requires some form of earnings growth, something which may now be under threat, and when equity markets are priced for near perfection, vulnerabilities inevitably arise.

The authorities may or may not bring the virus under control and this may be another example of bad news that markets can look through. We at Ruffer do not try to pick the moment when bull markets end, in fact quite the opposite. By creating a portfolio split between growth and protection assets we try to remove as much timing from the equation as possible. If these worries blow over, our equities, focussed on the UK and Japan, are capable of driving decent returns as evidenced by the 8.5% outturn for 2019. If this is the moment when protection needs to take over, we are confident that our credit and volatility protections stand ready to act.

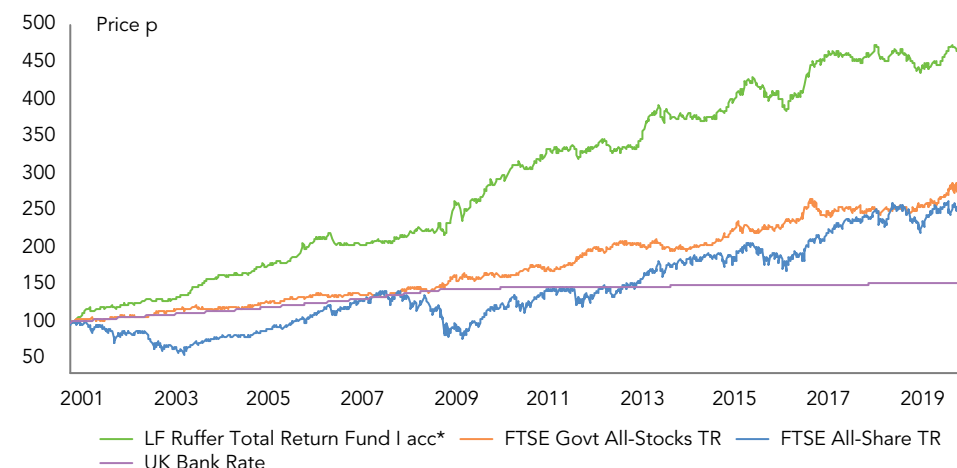
Please contact investorday@ruffer.co.uk if you would like to join our Ruffer Funds shareholder webinar on Thursday 27 February 2020.

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.

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 %	January 2020	Year to date	1 year	3 years	5 years	10 years
I accumulation shares	-1.6	-1.6	3.4	0.6	13.3	59.5
Percentage growth (I acc)	%		Share price as at 31 January 2020			
31 Dec 2018 – 31 Dec 2019	8.6		I accumulation			
31 Dec 2017 – 31 Dec 2018	-6.3		I income			
31 Dec 2016 – 31 Dec 2017	1.1					
31 Dec 2015 – 31 Dec 2016	14.3					
31 Dec 2014 – 31 Dec 2015	0.0					

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 3 Nov 2004. 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 Jan 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	22.2
Long-dated index-linked gilts	10.8
Gold and gold equities	6.7
Illiquid strategies and options	6.2
Short-dated bonds	4.7
Cash	3.9
Index-linked gilts	2.1

Currency allocation



Currency allocation	%
Sterling	75.7
Yen	10.0
Gold	6.8
Euro	2.1
US dollar	0.7
Other	4.7

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.8
Tesco	1.9
Walt Disney Company	1.8
Sony	1.5
iShares Physical Gold	1.4
Royal Bank of Scotland	1.4
Hennes & Mauritz	1.3
ExxonMobil	1.2
BP	1.1
Mitsubishi Electric	1.0

5 largest bond holdings

Stock	% of fund
US Treasury TIPS 1.25% 2020	6.0
US Treasury 1.125% TIPS 2021	4.7
UK government 2.0% 2020	4.7
UK Treasury index-linked 0.125% 2068	4.2
US Treasury 0.125% TIPS 2021	4.0

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size **£3,123.1m**

Fund information

Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	1.54
Minimum investment	£30m
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 GB00B03JB001 Income GB00B03J9Y05
SEDOL	B03JB00 B03J9Y0
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 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. He specialises in geopolitics and its investment implications, with a particular focus on European and Great Power politics.



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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.

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