

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



I class December 2020 Issue 216

During December, the fund price rose by 1.9%. This compared with a rise of 3.9% in the FTSE All-Share and an increase of 1.6% in the FTSE Govt All Stocks Index (all figures total returns in sterling). This brought the return for 2020 to +12.1%, which was a good result relative to the fund's objectives, both in terms of the absolute performance and also in the all-weather nature of the positive returns made in rising and falling markets.

Christmas may have been cancelled for millions but, for markets, December continued to proffer gifts: equities, bonds and gold all rose. November's historic vaccine-induced recovery of value stocks may have waned as the second wave broke, but this weakness gave us the chance to add to favoured names. So, too, did the back and forth of political pantomimes. In America, Congress played chicken over additional fiscal stimulus, agreeing a deal at the eleventh hour. In the UK, Brexit's 'Deal or No Deal?' festive special ran to the wire, but the resulting deal should be enough to remove the uncertainties that have made UK stocks anomalously cheap. Profit-taking elsewhere kept the fund's equity allocation largely unchanged at around 40%. Equities accounted for over 2% of performance in December.

Gold exposure added a further 0.4% and it remains a key protection against accelerating paper currency debasement, alongside the inflation-protected bonds (c 35%) which did little this month. In December, as for 2020 as a whole, the tsunami of crisis stimulus helped lift most financial asset prices whose returns disguise the underlying human and economic tragedies of the pandemic. Gold rose 25% (in USD) over the year and mining stocks held in the fund did better still, making them one of the biggest performance contributors for 2020. But new redoubts against currency compromise may also be emerging. The fund recently gained exposure to cryptocurrency bitcoin via the Ruffer Multi Strategies Fund – also home to powerful credit market defences. As Brexit talks entered their unpredictable final stretch, we increased exposure to the US dollar (from around 7% to 17%). The greenback could still prove a powerful protection in a world starved of conventional offsets if volatility erupts again. With the pound rising into the Brexit deal, dollar exposure was a small headwind.

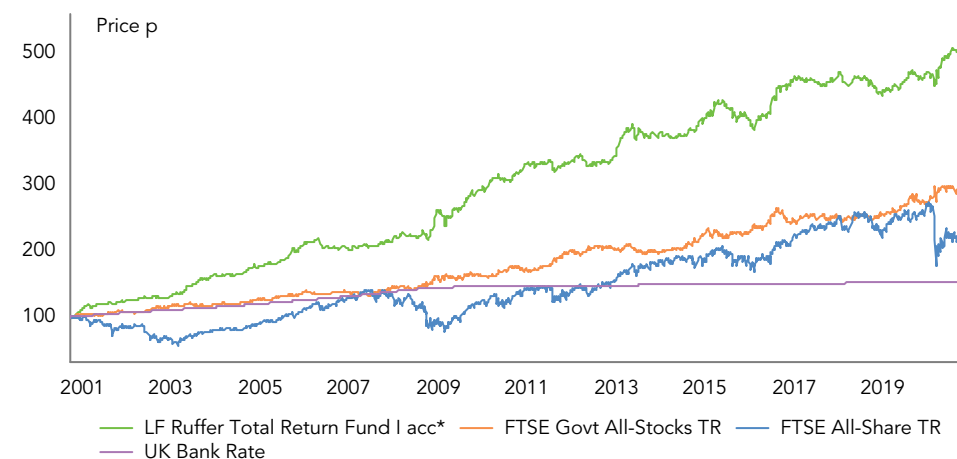
What of the road ahead? Froth is clearly building in some corners of the market as evidenced by booming IPOs and the use of blank-cheque SPACs (Special Purpose Acquisition Companies). But market consensus expects that the combination of ongoing fiscal and monetary support, pent-up demand and vaccine-induced economic re-opening will drive another positive year for stocks and a rotation of 'growth' to 'value' sectors. If so, the portfolio's bias to economically sensitive equities should power returns. Yet 2020's lived experience surely underlines the need to prepare for the unexpected. It also suggests investors should focus more on what Michele Wucker described as 'gray rhinos': big risks hiding in plain sight which are ignored. Ballooning debt, inflation risk, currency compromise and political instability are clear examples. 2020 has acted as a 'great acceleration' of existing trends, fattening these 'gray rhinos' and making a world of higher volatility and deeper financial repression more likely. It will pay to be prepared. As always, we retain a balance of assets to protect and grow your investment whatever the weather.

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

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



| I accumulation shares | Performance % | Share price as at 31 December 2020 | p |
|-----------------------|---------------|------------------------------------|--------|
| December 2020 | 1.9 | I accumulation | 535.88 |
| Year to date | 12.1 | I income | 346.58 |
| 1 year | 12.1 | | |
| 3 years | 14.1 | | |
| 5 years | 31.8 | | |
| 10 years | 59.2 | | |

| 12 month performance to December 2020 % | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|
| LF Ruffer Total Return Fund I acc* | 14.3 | 1.1 | -6.3 | 8.6 | 12.1 |
| FTSE Govt All-Stocks TR | 10.1 | 1.8 | 0.6 | 6.9 | 8.3 |
| FTSE All-Share TR | 16.8 | 13.1 | -9.5 | 19.2 | -9.8 |
| UK Bank Rate | 0.4 | 0.3 | 0.6 | 0.8 | 0.2 |

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.

LF Ruffer Total Return Fund as at 31 Dec 2020

Asset allocation



Asset allocation %

| | |
|-----------------------------------|------|
| ● Non-UK index-linked | 23.4 |
| ● Long-dated index-linked gilts | 10.6 |
| ● Illiquid strategies and options | 8.8 |
| ● Gold and gold equities | 7.8 |
| ● Cash | 3.5 |
| ● Short-dated bonds | 3.2 |
| ● Index-linked gilts | 1.8 |

| | |
|--------------------------|------|
| ● UK equities | 15.1 |
| ● North America equities | 8.5 |
| ● Japan equities | 8.2 |
| ● Europe equities | 7.0 |
| ● Asia ex-Japan equities | 2.1 |

Currency allocation %

| | |
|-------------|------|
| ● Sterling | 69.4 |
| ● US dollar | 16.6 |
| ● Gold | 7.8 |
| ● Yen | 2.2 |
| ● Euro | 1.5 |
| ● Other | 2.5 |

Currency allocation



10 largest equity holdings*

| Stock | % of fund |
|------------------------|-----------|
| Lloyds Banking Group | 2.7 |
| iShares Physical Gold | 2.0 |
| Kinross Gold | 1.5 |
| NatWest Group | 1.3 |
| Barclays PLC | 1.3 |
| Tesco | 1.1 |
| BT | 1.1 |
| Countryside Properties | 1.1 |
| BP | 1.0 |
| Ambev SA | 1.0 |

5 largest bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 0.125% 2068 | 4.3 |
| US Treasury 0.875% TIPS 2029 | 3.1 |
| US Treasury 0.25% TIPS 2050 | 3.0 |
| UK Treasury index-linked 1.25% 2055 | 2.9 |
| US Treasury 0.25% TIPS 2029 | 2.7 |

*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. 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 £3,530.5m

Fund information

| | |
|--------------------------|---|
| Ongoing Charges Figure | 1.02 |
| Annual management charge | 1.00 |
| Maximum initial charge | 5.0 |
| Yield | 0.83 |
| 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 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

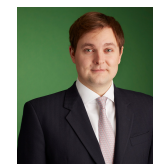
Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He was made a manager of the Total Return Fund in 2019.



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.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2020, assets managed by the Ruffer Group exceeded £20.3bn.

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