

# LF Ruffer Total Return Fund

Positive absolute returns with low volatility



I class June 2021 Issue 222

During June the fund price declined by 1.9%. This compared with a rise of 0.2% in the FTSE All-Share Index, and a rise of 0.7% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

The June meeting of the US Federal Reserve was always going to be closely watched. With the US economy continuing to re-open, US employment levels recovering, and inflationary pressures rising, investors were on the lookout for any change from the Fed's hitherto very accommodative stance. Market action in response to the meeting confirmed investors' faith in the omnipotence and omniscience of central banks remains undimmed. The Fed's commentary fully acknowledged recent surging inflation prints, nascent wage growth and increasing bottlenecks. This prompted short-term bond yields to rise, confirming US interest rates might begin to rise slightly sooner than originally thought. The fact long bond yields actually fell after the meeting, suggests markets have totally bought the Fed view the present inflationary pressures will be merely transitory, and only the slightest tap of the brakes should be necessary to bring everything back under control.

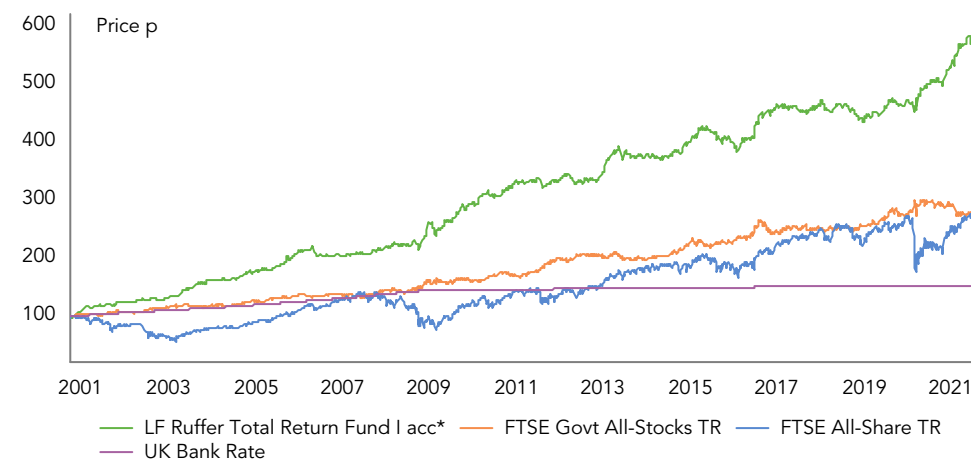
These dynamics were undeniably unhelpful for the portfolio in the later part of June. The decline in long bond yields took the wind out of the sails of the portfolio's cyclical and financial equities. The rising US dollar, reflecting the slight change in interest rate expectations, hobbled gold, while the feeling all would be 'right on the inflation night' caused breakevens to fall.

We continue to believe growth expectations in the eurozone are underpriced, and less exuberant growth in the US can thus be compensated elsewhere. We are also sceptical of the view of inflation as transitory. Our reasons for this view have been well rehearsed on prior occasions, but recovering wage growth, eye-watering government spending the world over, fractured supply chains and the fact not all capacity will return post-pandemic are only a few. However we are not bullet-headed. We have always said the road to the inflationary end game would encompass many diversions, and have its bumpy moments when our views might look well offside. To protect against such discomforts, we have increased the portfolio's US dollar exposure on a tactical basis and trimmed the gold bullion position. If there is one indicator the reflation trade is intact it is that the US dollar should be declining. Thus as we watch the economic data in the coming months, a higher exposure to the US currency, even if only on a short-term basis, seems to us an entirely appropriate way of expressing our long-held aspiration to be approximately right rather than exactly wrong.

## 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 30 June 2021	p
June 2021	-1.9	<b>I accumulation</b>	<b>575.38</b>
Year to date	7.4	<b>I income</b>	<b>370.98</b>
1 year	14.0		
3 years	22.9		
5 years	35.5		
10 years	69.2		

12 month performance to June %	2017	2018	2019	2020	2021
LF Ruffer Total Return Fund I acc*	8.9	1.3	-1.3	9.2	14.0
FTSE Govt All-Stocks TR	-0.9	1.9	4.9	11.2	-6.2
FTSE All-Share TR	18.1	9.0	0.6	-13.0	21.5
UK Bank Rate	0.3	0.4	0.7	0.6	0.1

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, 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 30 Jun 2021

## Asset allocation



Asset allocation	%
Short-dated bonds	14.6
Long-dated index-linked gilts	12.9
Cash	10.2
Non-UK index-linked	9.4
Illiquid strategies and options	6.0
Gold and gold equities	5.9
Index-linked gilts	1.6
UK equities	16.5
North America equities	7.5
Europe equities	6.3
Japan equities	6.2
Asia ex-Japan equities	1.5
Other equities	1.4

Currency allocation	%
Sterling	79.6
US dollar	6.8
Gold	6.0
Euro	4.8
Other	2.8

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	2.9
Royal Dutch Shell	1.6
NatWest Group	1.5
BP	1.5
UniCredit	1.4
GlaxoSmithKline	1.2
Kinross Gold	1.2
Centene	1.1
Cigna	1.1
Bayer	1.1

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	5.5
UK Treasury index-linked 0.125% 2065	4.8
UK Treasury 3.75% 2021	3.9
UK Treasury 0.125% 2023	3.7
US Treasury FRN Oct 2021	3.6

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

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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.

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 £4,026.7m

## Fund information

Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	0.61
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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London  
SW1E 5JL [www.ruffer.co.uk](http://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

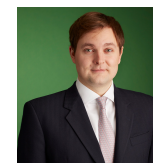
Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He was made a manager of the Total Return Fund in 2019.



### 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 31 May 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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