

LF Ruffer Total Return Fund

Positive absolute returns with low volatility

During December, the fund price rose by 0.3%. This compared with a rise of 4.7% in the FTSE All-Share Index and a decrease of 2.7% in the FTSE Govt All Stocks Index (all figures total returns in sterling). This rounded off a solid year for the fund (+9.1%) and consolidated the gains made in the previous two years with the three year annualised return now running at 9.9%.

December began in the aftermath of the sell-off in reopening-sensitive assets, such as energy and cyclical. The sharp decline in bond yields seen at the end of November continued into early December, as the discovery of the new Omicron variant threatened the vaccine-led economic recovery globally. We took advantage of this sell-off to reinforce core equity positions in energy, financials and industrials. This allowed the equity weight to rise marginally to 42%.

Overall, equities added +2.2% to the monthly return (with financials being the largest contributor) as evidence grew that Omicron might be less dangerous than first thought. Derivative protection (-0.4%) was a drag, as successes with equity put options were outweighed by a fall in credit spreads. Equity put options are held to protect against a withdrawal of liquidity by the Fed, and credit protection for weakness in the real economy.

Inflation-linked bonds detracted 1.6% from the monthly return as bond yields rose and inflation expectations did not. This is a dynamic that may persist in 2022 as economic strength continues and central banks begin to tighten. As a result, we reduced portfolio duration significantly, to nearly zero by the month end, using interest rate options.

At the same time, we retain our high conviction in both financial and energy equities. For financials, many investors cannot contemplate buying them and this is providing some spectacular prospective return opportunities. UniCredit's decision (and ability) to return 50% of its market cap to shareholders within the next three years shows just how undervalued they are. Rising real yields, which hurt index-linked bonds (which we own) and highly valued growth and tech stocks (which we do not own), should be accompanied by rising earnings for financial stocks. The picture for energy stocks is similar. There is something of a catch-22 in energy markets: energy demand continues to rise even as the world navigates the path to net zero, but there is a lack of investment in reliable supply, even though it is crucial to the net zero solution. This leaves higher energy prices the likely outcome and cheap valuations the entry point. We continue to focus on engaging with these companies to help and encourage them on the energy transition journey. The average energy stock in the fund returned 40% in 2021 and the average financial stock returned 35%.

We enter 2022 satisfied that our all-weather investment strategy has fared well through a wide range of investment conditions in the last three years. However, for all investors things are likely to get more rather than less difficult from here. In order to protect and grow their savings, investors will need to focus on risk rather than return and adopt a multi-asset approach containing genuinely uncorrelated assets.

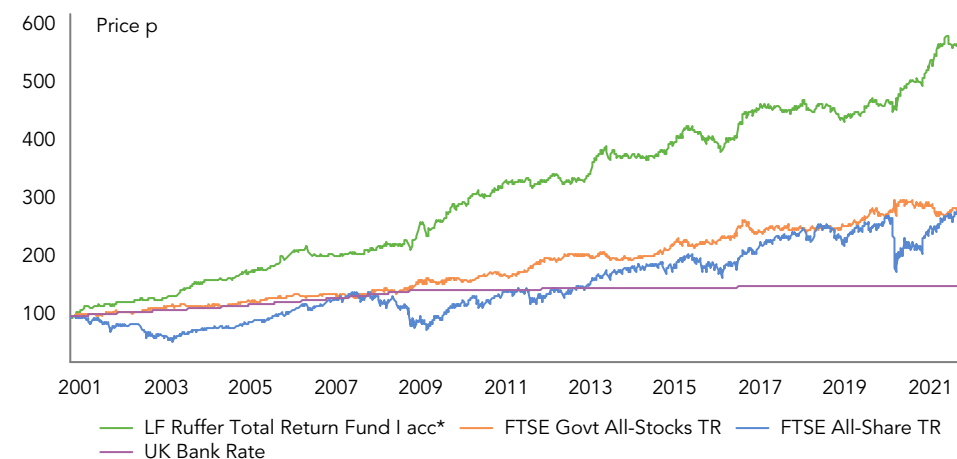
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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 2021	p
December 2021	0.3	I accumulation	584.38
Year to date	9.1	I income	373.49
1 year	9.1	H accumulation	582.69
3 years	32.7	H income	373.49
5 years	25.8		
10 years	71.5		

12 month performance to December %	2017	2018	2019	2020	2021
LF Ruffer Total Return Fund I acc*	1.1	-6.3	8.6	12.1	9.1
FTSE Govt All-Stocks TR	1.8	0.6	6.9	8.3	-5.2
FTSE All-Share TR	13.1	-9.5	19.2	-9.8	18.3
UK Bank Rate	0.3	0.6	0.8	0.2	0.1

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 2021

Asset allocation



Asset allocation	%
Non-UK index-linked	14.8
Long-dated index-linked gilts	12.7
Short-dated bonds	10.2
Gold exposure and gold equities	7.2
Illiquid strategies and options	6.4
Index-linked gilts	4.0
Cash	2.2
UK equities	17.2
North America equities	9.2
Europe equities	8.5
Japan equities	6.4
Asia ex-Japan equities	0.1
Other equities	1.3
Currency allocation	
Sterling	83.6
Yen	8.4
Euro	1.2
Other	6.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.6
Lloyds Banking Group	2.6
NatWest Group	1.7
Royal Dutch Shell	1.6
UniCredit	1.5
Mitsubishi UFJ Financial Group	1.2
Bristol-Myers Squibb	1.1
Cigna	1.0
Volkswagen	1.0
GlaxoSmithKline	1.0

5 largest bond holdings

Stock	% of fund
US Treasury FRN 2023	6.0
UK Treasury 0.125% 2023	4.9
UK Treasury index-linked 0.125% 2065	4.6
UK Treasury index-linked 0.125% 2068	4.4
US Treasury 0.125% TIPS 2022	4.2

*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 £3,492.9m

Fund information

Ongoing Charges Figure	1.01
Annual management charge	1.00
Maximum initial charge	5.0
Yield	1.17
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	Income
	GB00B03JB001	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

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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

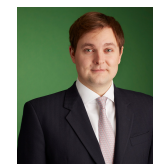
Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He has co-managed the LF Ruffer Total Return Fund since 2019.



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 2021, assets managed by the Ruffer Group exceeded £23.7bn.

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