

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



During May the fund price was declined 0.2%. This compared with a rise of 0.7% in the FTSE All-Share Index and a rise of 1.7% in the FTSE All-Stocks Index (both figures total returns in sterling).

The old investment adage, 'sell in May and go away', looked apt by the end of the first week of May as sentiment started off on a negative footing. However, by the end of the month equity markets had largely regained their poise to finish broadly unchanged. May therefore appeared to be a month of marking time before the more market sensitive events of June. This month we will see the 'Brexit' referendum, the next round of central bank meetings, a Japanese Upper House election and the start of Euro 2016.

From a UK investor's perspective the most pressing of these is probably the EU referendum vote. Whilst politicians from both the 'in' and 'out' camps plead their cases, it has become increasingly clear that neither they nor the electorate are in a position to know what things would look like should the vote be for a Brexit. Should the status quo prevail then sterling could be surprisingly strong, (as we have already seen in recent weeks), hence our desire to stay close to our base currency. While sterling weakness in the short term would be an opportunity missed, with a global portfolio our principal concern is the certainty of a capital loss should sterling strengthen.

On a global basis, the key issue is the continued debate about when (or indeed if) the US Federal Reserve will raise interest rates. From the middle of May financial markets appeared suddenly to be reminded that the Fed is not done with raising rates after December's lift-off following a seven year pause. Expectations for a rise in June have fluctuated with each new data release or Fed speech, and investors wavered between hopes of a normalisation and fears of what that might mean for asset prices. In contrast to previous occasions, financial markets have largely taken these machinations in their stride. The dollar has unsurprisingly seen some renewed strength, creating a headwind to emerging markets and most commodities. However stable oil prices and orderly credit markets helped keep equity markets steady.

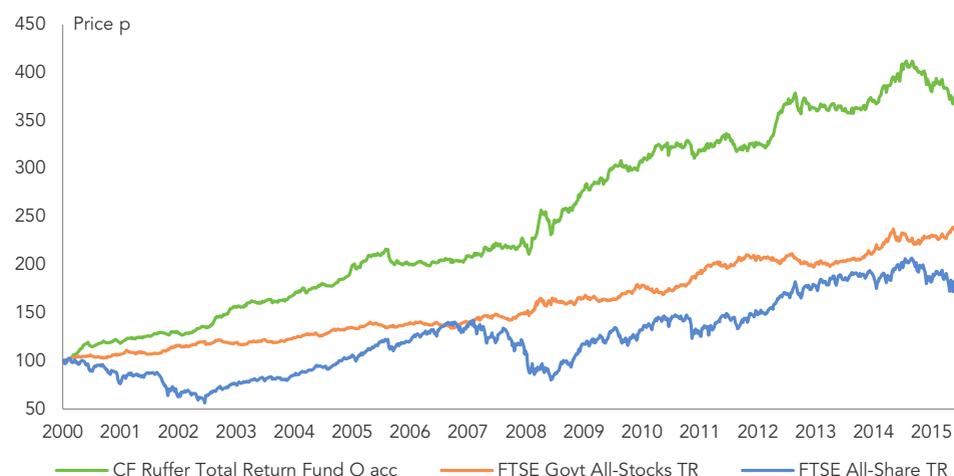
The end of May saw the much anticipated G7 meeting in Japan. Whilst the outcome was unsurprisingly short on detail, the gathered leaders decreed that 'the world economy faces big risks' and a more flexible approach to driving global growth may be required. Whilst this does not represent unilateral support for a large fiscal stimulus, it appears to be a step in that direction. Post the meeting the Japanese prime minister announced the deferral of the increase in Japan's consumption tax, despite comments to the contrary from his finance minister at the G7. This move was not immediately accompanied by any further stimulus package but this may follow. The yen strengthened on this disappointing outcome. Despite being nervous about leaving our base currency, we had increased our yen exposure earlier in the month; a defensive move that has helped. We still think that we may see more dramatic policy shifts in Japan as the election campaign gets under way on 22 June shortly after the next Bank of Japan meeting. Both events could deliver positive surprises.

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 CF Ruffer Investment Funds is a UK UCITS. The CF 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 CF 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 launch on 29 September 2000



Performance %	May 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.2	0.8	-6.0	4.8	19.2	90.7
Percentage growth (O acc)		%				
31 Mar 2015 – 31 Mar 2016		-4.7				
31 Mar 2014 – 31 Mar 2015		11.8				
31 Mar 2013 – 31 Mar 2014		-1.6				
31 Mar 2012 – 31 Mar 2013		10.4				
31 Mar 2011 – 31 Mar 2012		3.1				

Share price as at 31 May 2016	p
O accumulation	387.23
O income	266.96
C accumulation	391.73
C income	270.17

Source: Ruffer LLP

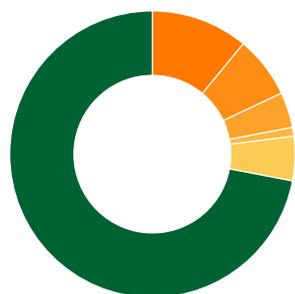
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

CF Ruffer Total Return Fund as at 31 May 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	22	● Japan equities	15
● Long-dated index-linked gilts	13	● UK equities	9
● Index-linked gilts	10	● North America equities	7
● Cash	7	● Europe equities	4
● Gold and gold equities	6	● Asia ex-Japan equities	2
● Illiquid strategies	5		



Currency allocation	%
● Sterling	72
● Yen	11
● Gold	7
● US dollar	4
● Euro	1
● Other	5

5 largest of 20 bond holdings

Stock	% of fund	Stock	% of fund
US TIPS 0.125% 2022	4.5	Sumitomo Mitsui Financial	2.1
UK Treasury index-linked 1.875% 2022	4.2	ExxonMobil	1.7
UK Treasury index-linked 1.25% 2055	3.9	BP	1.6
UK Treasury index-linked 0.125% 2024	3.5	Mitsubishi UFJ Financial	1.6
US TIPS 1.25% 2020	3.4	T&D	1.4

5 largest of 84 equity holdings*

Stock	% of fund
Sumitomo Mitsui Financial	2.1
ExxonMobil	1.7
BP	1.6
Mitsubishi UFJ Financial	1.6
T&D	1.4

Source: Ruffer LLP

*Excludes holdings in pooled funds

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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.

Fund size £2,845.5m

Fund information

	O class	C class
Ongoing Charges Figure	1.53	1.23
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	1.37	1.37
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward to 10am Wednesday, based on NAV Plus forward from 10am on last Wednesday of the month to last business day of the month	
ISIN	GB0009684100 (acc) GB0009684878 (inc)	GB00B80L7V87 (acc) GB00B58BQH88 (inc)
SEDOL	0968410 (acc) 0968487 (inc)	B80L7V8 (acc) B58BQH8 (inc)
Investment adviser	Ruffer LLP	

ACD	Capita Financial Managers Limited
Depository	BNY Mellon Trust & Depository (UK) Limited
Auditors	Grant Thornton UK LLP
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs

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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. He is also co-manager of the Ruffer Investment Company.



David Ballance

INVESTMENT DIRECTOR

Previously International Equities Head at Rothschild Private Management, he graduated from Oxford and was a Senior Investment Manager at Allied Dunbar, before moving to Threadneedle as Head of European Equities. He joined Ruffer in 2006.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 May 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.5bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.

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