

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



O class June 2020 Issue 210

During June, the fund price rose by 0.1%. This compared with a rise of 1.5% in the FTSE All-Share Index and a decrease of 0.6% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

As we reach the halfway point in this tumultuous year, it is worth taking stock of what has happened so far, and how we were able both to preserve capital through the initial market crisis and also benefit from the more recent rally. After a positive start to 2020, stock markets plunged in March on escalating fears of the global impact of COVID-19, with credit markets exhibiting a similar panic. In the fastest decline in stock market history, equity markets fell by a third in just 22 days, hitting their lows on 23 March, the very day the UK officially went into lockdown.

Cue the cavalry. Stock markets rallied in the second quarter as central banks, very much led by the US, swung into their now habitual role of supporting asset prices. The size of the monetary and fiscal intervention is unprecedented in peacetime and we wait to see whether it is sufficient to keep businesses and employment afloat, but for now at least, it has been a big enough bazooka to reassure investors. In April and May equity markets duly recorded one of their fastest recoveries. The US Federal Reserve was pumping money into the system, even buying junk (high yield) bonds and everything was back to normal, except of course it isn't.

What of the Ruffer portfolio through all of this? Whilst we in no way foresaw the coronavirus pandemic, with our core focus on capital preservation, if we are doing our job properly we would hope to navigate such crises in relatively good shape. We always hold protection in our portfolio against difficult times and have been particularly nervous of markets in recent years. Accordingly, we take only limited credit for emerging from the first quarter virtually unscathed, and indeed posting a positive return in March, as risk assets tumbled and our investments in 'fear' really did their job.

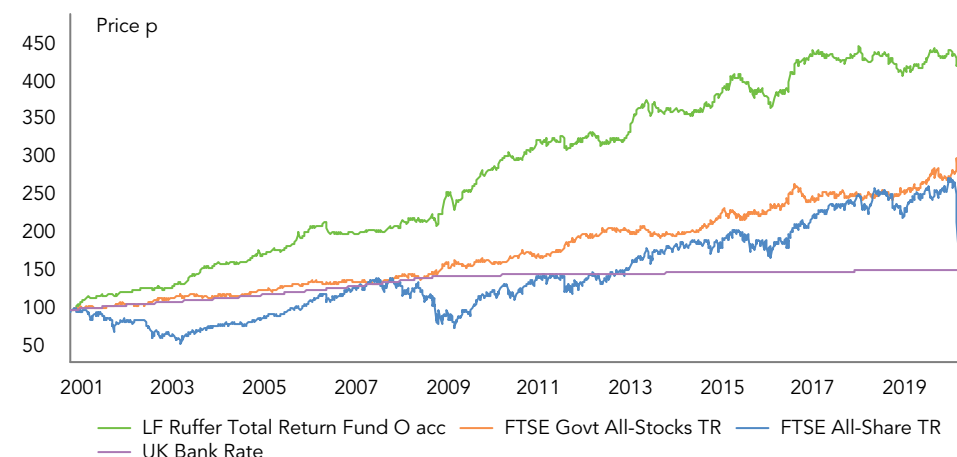
Since then stock markets have rallied, though whether this is based on a sober assessment of the true impact of the virus, or a sugar rush from central bank liquidity, is open to question. Having protected capital in the dark times, it is a cause for some satisfaction that we were able to make money from that stable base in the recovery. With no increase in risk (we retain a low but potent exposure to equities and still hold significant credit protections), we made decent returns as markets recovered, especially in April and May. A gain of 6.2% in the second quarter leaves us comfortably in positive territory year to date. Looking forward, uncertainty rules of course, but our equities are biased towards recovery and value, and so did well as hope returned to markets and should flourish if this continues. However, in what may be a harbinger of things to come, inflation-linked bonds and gold have driven recent performance just as much as, if not more than, equities.

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.

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 %	June 2020	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.1	5.3	8.6	7.5	15.7	56.3
Percentage growth (O acc)	%		Share price as at 30 June 2020			
30 Jun 2019 – 30 Jun 2020	8.6		O accumulation			
30 Jun 2018 – 30 Jun 2019	-1.8		O income			
30 Jun 2017 – 30 Jun 2018	0.8					
30 Jun 2016 – 30 Jun 2017	8.3					
30 Jun 2015 – 30 Jun 2016	-0.6					

Source: Ruffer LLP, FTSE International (FTSE) †

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 30 Jun 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	24.9
Long-dated index-linked gilts	11.9
Gold and gold equities	11.2
Illiquid strategies and options	9.6
Short-dated bonds	6.6
Cash	5.8
Index-linked gilts	2.0

UK equities	8.8
Japan equities	7.2
North America equities	5.1
Europe equities	5.0
Asia ex-Japan equities	2.0

Currency allocation	%
Sterling	72.4
Gold	11.5
Yen	9.4
Euro	3.0
US dollar	0.9
Other	2.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.7
Lloyds Banking Group	2.2
Kinross Gold	1.4
Wheaton Precious Metals	1.2
Newmont Mining	1.0
Royal Bank of Scotland	1.0
Tesco	1.0
ArcelorMittal	1.0
Fujitsu	1.0
Mitsubishi Electric	1.0

5 largest of bond holdings

Stock	% of fund
US Treasury index-linked 0.125% TIPS 2024	5.7
UK Treasury index-linked 0.125% 2068	4.8
US Treasury 0.875% TIPS 2029	3.5
UK Treasury 2.0% 2020	3.5
UK Treasury index-linked 1.25% 2055	3.3

*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.

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Fund size £3,262.1m

Fund information

Ongoing Charges Figure	1.52
Annual management charge	1.50
Maximum initial charge	5.0
Yield	1.41
Minimum investment	£1,000
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 GB0009684100 Income GB0009684878
SEDOL	0968410 0968487
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.



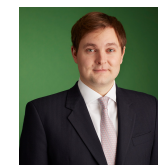
Matt Smith

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 31 May 2020, assets managed by the Ruffer Group exceeded £19.5bn.

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