

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



C class August 2018 Issue 187

During August, the fund price declined by 0.9%. This compares with a fall of 2.8% in the FTSE All-Share Index and a rise of 0.2% in FTSE Govt All Stocks Index (all figures total returns in sterling).

The US equity market moved past January's all-time high during this month. This rise has been driven by a steadily narrowing group of stocks, which typically does not augur well for future returns. Elsewhere, it was a much soggy picture with UK, European and Japanese equity indices all falling during the month and the damage was even greater in emerging markets. Not many safe haven assets performed either. The dollar and yen only appreciated by 1-2% against a weak pound and gold was largely unchanged in dollar terms. Gold miners were harder hit with the gold mining index down 13%: a combination of emerging market and commodity weakness.

Emerging market currencies grabbed most of the headlines. Turkey has long been identified as vulnerable, due to excessive debt (much of which was taken out in foreign currencies) and an authoritarian political regime. The Turkish lira has now fallen 74% this year. Argentina is also showing how fragile paper currencies can be. As the peso plunged, interest rates moved up to 60% in August – a far cry from the western world of zero interest rate policy. It remains to be seen whether there will be any contagion effects to other emerging economies, but it is a healthy reminder of how quickly these things can unravel and how widely the effects of tighter monetary policy in the US can be felt. Much has been written about gold's lacklustre performance in recent times, but if you were holding bullion in Ankara or Buenos Aires this month you would be sitting on gains of 32% and 35% respectively. When the world around you has been tumbling down, gold has done exactly what is required.

Cracks in the eurozone continue to appear as Target 2 balances (effectively the quantum of deposits moving from Club Med to Germany) surpassed the peak of 2012/2013 - relatively robust economic growth is masking a plethora of underlying problems. At some point this will have to crystallise in a banking and fiscal union or there will be risk of break-up. For now, however, this is tomorrow's story. In the UK, the savings rate plumbed new all-time lows at the same time as a fall in house prices. Despite this, there was a token increase in UK interest rates to 0.75%, but this does not mask the fact the Bank of England is (deliberately) behind the curve and loose monetary policy persists.

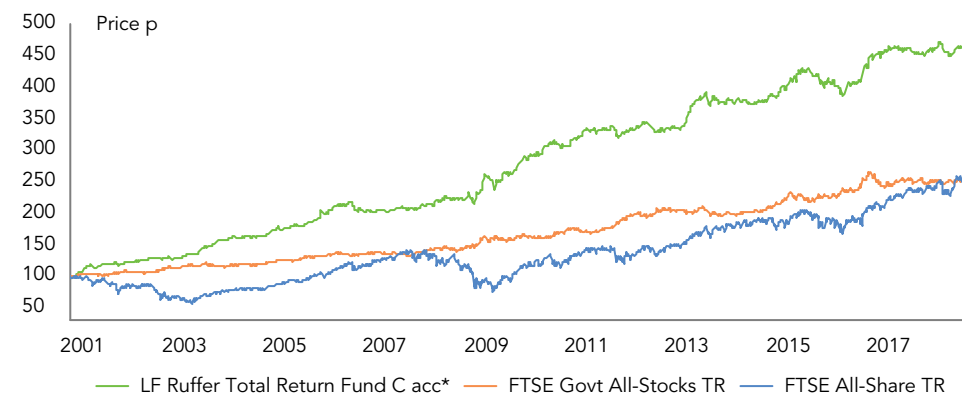
Looking forward, our position remains that while global economic growth looks respectable, asset prices only look justifiable on a relative basis assuming that long-term interest rates remain settled. If bond yields start to rise (and there are plenty of reasons to believe that they may) then the sort of stress that we have seen this month in far flung places may have a greater impact closer to home.

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 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 %	August 2018	Year to date	1 year	3 years	5 years	10 years
C accumulation shares	-0.9	-0.9	1.2	11.5	21.9	99.0

Percentage growth (C acc)	%	Share price as at 31 August 2018	p
30 Jun 2017 – 30 Jun 2018	1.1	C income	296.09
30 Jun 2016 – 30 Jun 2017	8.6	C accumulation	442.58
30 Jun 2015 – 30 Jun 2016	-0.2		
30 Jun 2014 – 30 Jun 2015	11.4		
30 Jun 2013 – 30 Jun 2014	0.6		

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 12 Sept 2012. This is based upon a simulated/extended track record, using the track record of LF Ruffer Total Return Fund O acc.

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 31 Aug 2018

Asset allocation



Asset allocation %

● Non-UK index-linked	18.4
● Long-dated index-linked gilts	14.0
● Gold and gold equities	5.9
● Index-linked gilts	5.7
● Cash	5.4
● Illiquid strategies	4.1
● Short-dated bonds	3.0

Currency allocation



Currency allocation %

● Sterling	67.9
● US dollar	13.7
● Yen	8.0
● Gold	6.0
● Other	3.7
● Euro	0.7

10 largest of 63 equity holdings*

Stock	% of fund
Sony	2.1
Mitsubishi UFJ Financial	2.1
Tesco	2.0
iShares Physical Gold	2.0
Sumitomo Mitsui Financial	1.7
Walt Disney	1.7
Dai-ichi Life Insurance	1.6
Japan Post	1.5
ExxonMobil	1.5
Vivendi SA	1.5

5 largest of 18 bond holdings

Stock	% of fund
US Treasury 0.125% TIPS 2022	4.0
UK Treasury index-linked 1.875% 2022	3.9
UK Treasury index-linked 1.25% 2055	3.7
UK Treasury index-linked 0.375% 2062	3.7
US TIPS 1.25% 2020	3.3

*Excludes holdings in pooled funds
Source: Ruffer LLP

Fund size £3,237.8m

Fund information

	%
Ongoing Charges Figure*	1.25
Annual management charge	1.20
Maximum initial charge	5.0
Yield	1.45
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	Accumulation	Income
	GB00B80L7V87	GB00B58BQH88
SEDOL	B80L7V8	B58BQH8

Investment adviser Ruffer LLP

ACD Link Fund Solutions Limited

Depository Pictet & Cie (Europe) S.A.

Auditors Ernst & Young LLP

Structure Sub-fund of LF Ruffer Investment Funds (OEIC)
UK domiciled UCITS
Eligible for ISAs

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 July 2018, assets managed by the Ruffer Group exceeded £22.4bn.

Dealing line

0345 601 9610

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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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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