

LF Ruffer Total Return Fund

Positive absolute returns with low volatility

During April, the fund price rose by 0.7%. This compared with a rise of 4.3% in the FTSE All-Share index and an increase of 0.5% in the FTSE Govt All Stocks index (all figures total returns in sterling).

After one of the worst quarters for US bonds this century, and the steepest fall in the Barclays Long Treasury Index in 40 years, it was inevitable there would be some form of pause. Having peaked on 31 March at 1.74%, the US 10 year bond yield finished the month at 1.63%. This move lower boosted the performance of the fund's positions in gold and inflation-linked bonds. Earlier this year, gold had been doubly punished by the combination of rising yields and a rallying US dollar, but two recent tactical changes in the portfolio's asset allocation have helped performance. First, we added to bullion and selected gold mining equities during March and April, having reduced gold exposure last summer in anticipation of a reflationary shift in markets ahead of the vaccine announcements in November. The fund's gold-related investments added 50bps during the month. Secondly, we took profits in some of the interest rate options that protected the fund so effectively as bond yields rose during the first quarter of 2021, thereby allowing us to capture some of the rebound in inflation-linked bonds. This combination of index-linked bonds, gold and interest rate protections, having been essentially neutral during the first quarter, contributed positively as US bond yields receded.

So, where next? Was April a pause for breath before a further move higher in yields and consequent move lower in bond prices? We think so but there will be an important shift in emphasis – we have probably seen the end of US reflation in isolation. The next leg down for conventional bonds will probably be driven by positive growth surprises from Europe, as the continent sees a sustained pick up in vaccination rates and starts to exit from lockdown. At the same time there appears to be growing political support for meaningful fiscal policy deployment in the coming months. This is a playbook we have already seen, except the baton is being passed from the US to continental Europe. It was instructive that the German 10 year bund yield rose 9bps over the month, in stark contrast to the moves seen in the US.

The fund's index-linked bonds, which we reduced slightly through sales of US TIPS during April, are shielded by interest rate options so they retain their inflation protection, but are buttressed against the powerful economic rebound we expect to see through 2021. The fund's equities remain concentrated in economically sensitive and cyclical companies. This equity bias, combined with protection against rising nominal bond yields, means the fund is positioned for reflation, but still protected from inflation. In a world where fiscal policy dominates, inflation is the risk all investors should be guarding against. But conventional portfolios, hamstrung by the fallacy of benchmarks, are pointing in the wrong direction. They back-test well in the disinflationary world of the last 40 years, but are institutionally wired to the assets that performed well in the last market regime rather than to those opportunities which exist in the new one.

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.

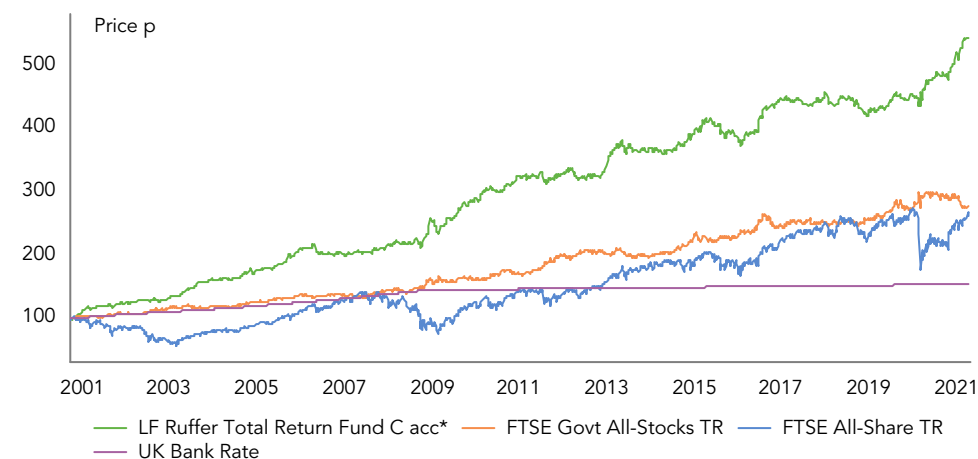


C class April 2021 Issue 220

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



C accumulation shares	Performance %	Share price as at 30 April 2021	p
April 2021	0.7	C income	350.74
Year to date	7.4	C accumulation	543.66
1 year	14.8		
3 years	23.1		
5 years	38.6		
10 years	68.1		

12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer Total Return Fund C acc*	13.2	-1.4	-0.8	4.0	20.3
FTSE Govt All-Stocks TR	6.6	0.5	3.7	9.9	-5.5
FTSE All-Share TR	22.0	1.2	6.4	-18.5	26.7
UK Bank Rate	0.3	0.4	0.7	0.7	0.1

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.

LF Ruffer Total Return Fund as at 30 Apr 2021

Asset allocation



Asset allocation %

Short-dated bonds	14.7
Non-UK index-linked	9.5
Illiquid strategies and options	9.3
Long-dated index-linked gilts	8.9
Gold and gold equities	7.8
Cash	6.0
Index-linked gilts	1.6
UK equities	17.5
North America equities	8.4
Europe equities	7.5
Japan equities	7.0
Asia ex-Japan equities	1.7

Currency allocation



Currency allocation %

Sterling	83.0
Gold	7.9
Euro	5.5
US dollar	1.2
Other	2.4

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.9
iShares Physical Gold	2.5
BP	1.6
Barclays	1.5
NatWest Group	1.5
Cigna	1.4
Kinross Gold	1.4
GlaxoSmithKline	1.2
Countryside Properties	1.1
BT	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury 3.75% 2021	4.0
UK Treasury 0.125% 2023	3.8
UK Treasury index-linked 0.125% 2068	3.7
US Treasury FRN Oct 2021	3.7
UK Treasury index-linked 1.25% 2055	2.4

*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. 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 £3,927.5m

Fund information

	%
Ongoing Charges Figure	1.22
Annual management charge	1.20
Maximum initial charge	5.0
Yield	0.61
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	Income
	GB00B80L7V87	GB00B58BQH88
SEDOL	B80L7V8	B58BQH8

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

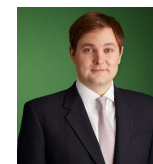
Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He was made a manager of the Total Return Fund in 2019.



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 March 2021, assets managed by the Ruffer Group exceeded £22.2bn.

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