

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



I class October 2019 Issue 202

During October, the fund price declined by 1.7%. This compared with a fall of 1.4% in the FTSE All-Share Index and a fall of 1.8% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

October saw a continuation of many of the trends from September. The storm clouds that had gathered over the summer months continued to clear, even if only temporarily. There now appears to be a path to a Brexit deal, Presidents Xi and Trump appear to be making headway in trade negotiations and the US Federal Reserve is providing enough liquidity to markets. This resulted in a positive return for most asset classes, depending on their base currency. The outcome was markedly different for the sterling investor, with the pound's appreciation of 5% creating a significant headwind.

Despite this improvement in sentiment, many market participants remain almost certain we are heading into a global recession. The New York Federal Reserve calculates the bond market apportion a 40% probability of a recession – the same reading as in 2007/2008. Should recessionary fears prove founded, bonds will help, but not much, gold may prove better. Defensive equities may assist, but they are already expensive. We believe the answer lies in the unconventional assets in the portfolio, the strategies that are designed to appreciate in value if real cracks are seen in the economy and thus provide meaningful protection against economic recession. This underlines our determination genuinely to protect clients' capital, even though holding such assets can sometimes feel uncomfortable. In the meantime, and while we wait, we must consider the possibility the world does not tip into recession, or does so only briefly. It is here the portfolio's equities – many of them out of favour merely for the sin of doing business in the real economy – will play a strong role as their reliable cashflows come back into favour.

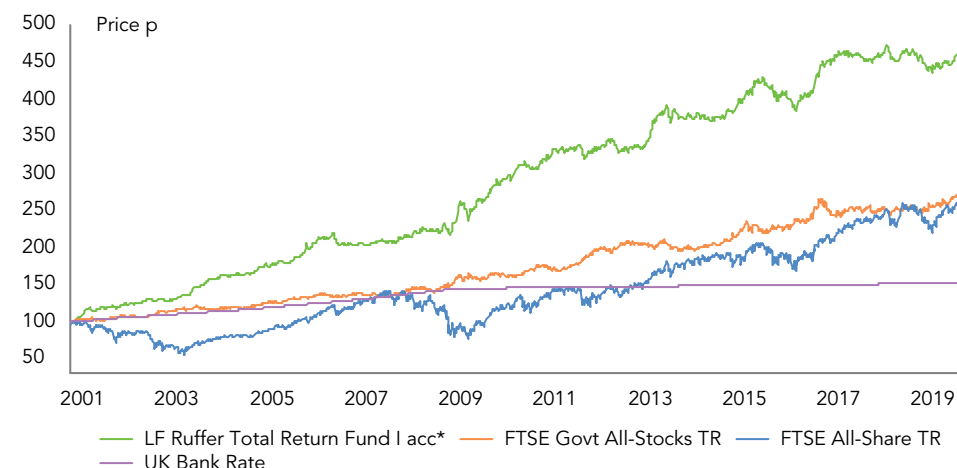
Closer to home, with a Brexit deal negotiated and an imminent election, it is possible UK-specific risks could clear abruptly. This has informed our recent increase in domestic UK equities: absent political noise sterling would likely continue to strengthen, and global bond yields may continue to rise. Equities (such as British Land, Lloyds or Land Securities) will no longer carry a leper's bell, and will have the added advantage of protecting the inflation-linked bonds in the portfolio.

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



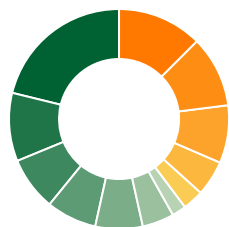
Performance %	October 2019	Year to date	1 year	3 years	5 years	10 years
I accumulation shares	-1.7	6.1	2.5	1.5	19.0	61.9
Percentage growth (I acc)	%		Share price as at 31 October 2019			
30 Sep 2018 – 30 Sep 2019	1.9		I accumulation			
30 Sep 2017 – 30 Sep 2018	1.8		I income			
30 Sep 2016 – 30 Sep 2017	0.5					
30 Sep 2015 – 30 Sep 2016	13.5					
30 Sep 2014 – 30 Sep 2015	3.0					

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.

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 Oct 2019

Asset allocation



Asset allocation %

● Non-UK index-linked	21.1
● Long-dated index-linked gilts	10.1
● Cash	7.9
● Illiquid strategies and options	7.5
● Gold and gold equities	6.9
● Short-dated bonds	4.6
● Index-linked gilts	2.1

Currency allocation



Currency allocation %

● Sterling	80.2
● Gold	7.0
● Yen	6.5
● Euro	1.9
● US dollar	0.2
● Other	4.2

10 largest of 63 equity holdings*

Stock	% of fund
Tesco	1.8
Walt Disney Company	1.8
Sony	1.5
ExxonMobil	1.4
Vivendi	1.4
BP	1.2
Celgene Corporation	1.0
Mitsubishi Electric	1.0
iShares Physical Gold	1.0
Ocado	1.0

5 largest of 14 bond holdings

Stock	% of fund
US Treasury TIPS 1.25% 2020	6.0
US Treasury 1.125% TIPS 2021	4.7
UK government 2.0% 2020	4.6
US Treasury 0.125% TIPS 2021	4.0
UK Treasury index-linked 0.125% 2068	3.9

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size **£3,167.7m**

Fund information

Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	1.55
Minimum investment	£30m
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 GB00B03JB001 Income 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 0345 601 9610

Enquiries

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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 spent 2015 seconded to Ruffer's Hong Kong office as an equity analyst, and is a fellow of the Chartered Institute for Securities & Investment, having achieved a distinction in the Financial Derivatives paper. He primarily manages portfolios for pension schemes and institutions.



Alexander Chartres

INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. In 2012, he became a member of the Chartered Institute for Securities & Investment. 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 September 2019, assets managed by the Ruffer Group exceeded £20.4bn.

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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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