

# CF Ruffer Total Return Fund

Positive absolute returns with low volatility



February 2017 Issue 169

During February the fund price declined by 0.3%. This compared with a rise of 3.1% in the FTSE All-Share Index and one of 3.1% in the FTSE All Stocks Index, (both figures total returns in sterling).

February concluded with President Trump's first address to Congress after a month during which his tweet-led policies appeared to follow some of the more toxic rhetoric from the campaign trail. This speech returned to the more conciliatory tone from his November acceptance speech. Having struck a protectionist tone through much of his first five weeks in office Mr Trump reverted to more market friendly infrastructure spending (to the tune of \$1 trillion) and tax cuts to both middle income families and corporations. Whilst short on detail the address was far removed from his combative inauguration address. The lack of detail from Mr Trump's policies led to a month in which risk assets largely struggled for direction, albeit still moving in a positive trajectory.

In Europe investors have begun to focus on the deluge of elections taking place in 2017. The imminent Dutch election has the populist Geert Wilders leading the polls. Despite his rising popularity he is unlikely to pose any existential threat to the eurozone, or indeed markets, as it appears likely that he will only poll around 20% of the vote. More pressing for the incumbents is the rise of Marine Le Pen. It appears likely that either technocrat Emmanuel Macron or scandal-plagued François Fillon will defeat Le Pen in the second round of polling, with neither front runner likely to have full control of parliament. However, having been bruised by following pollsters twice in the last year, investors appear unwilling to take on much risk in the run up to the election. This is best illustrated by German bund yields, which continued to fall sharply, perhaps further supported by the demand for the highest quality collateral as new margin requirements come into force across Europe. Whatever the driver, the move down in bond yields appears inconsistent with recent measures of economic growth in the eurozone, which continue to surprise on the upside. Both equity and bond markets appear oblivious to the prospect of further policy tightening in the short term, perhaps increasing the risk of a market wobble. It is for this reason that we have further pruned our equity weighting and marginally increased exposure to the yen as a protective move. The equities we own remain focused on cyclical and financial names principally to protect the portfolio against rising bond yields.

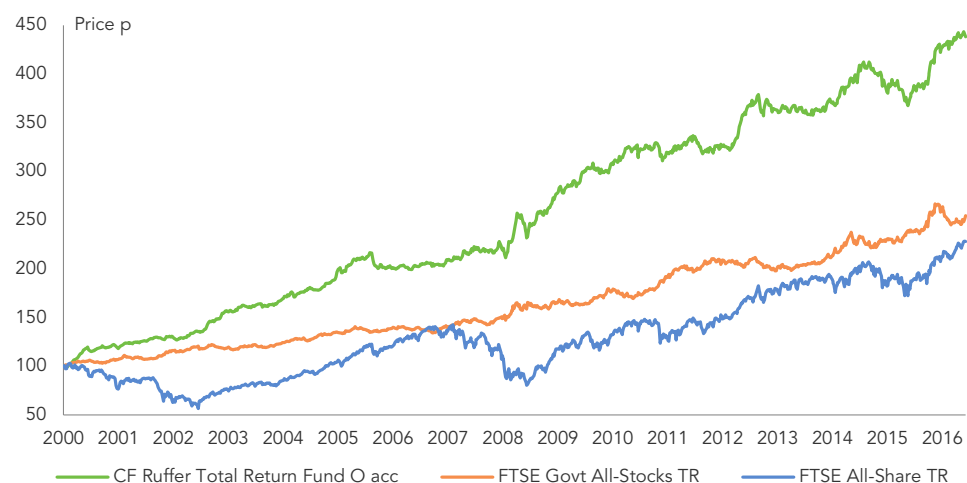
Our long term expectation remains that current policy will fail to deliver sufficient growth to offset the deflationary force of excessive debt in the global economy. Monetary policymakers responded to the financial crisis by cutting interest rates to record lows and injecting vast amounts of liquidity into the financial system via quantitative easing and other related policies. More recently the political context has engendered a shift to fiscal stimulus. In our mind this makes the inflationary denouement all the more likely.

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://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 %	February 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.3	0.3	16.2	20.3	30.6	116.4

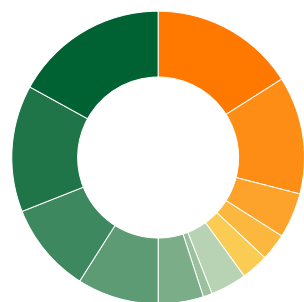
Percentage growth (O acc)	%	Share price as at 28 February 2017	p
31 Dec 2015 – 31 Dec 2016	13.7	<b>O accumulation</b>	<b>438.01</b>
31 Dec 2014 – 31 Dec 2015	-0.6	<b>O income</b>	<b>299.24</b>
31 Dec 2013 – 31 Dec 2014	5.7	<b>C accumulation</b>	<b>444.10</b>
31 Dec 2012 – 31 Dec 2013	9.3	<b>C income</b>	<b>303.52</b>
31 Dec 2011 – 31 Dec 2012	2.4		

Source: Ruffer LLP, FTSE International (FTSE)

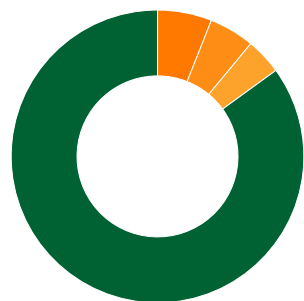
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Total Return Fund as at 28 February 2017

## Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	16
● Long-dated index-linked gilts	14	● UK equities	13
● Index-linked gilts	10	● North America equities	5
● Cash	9	● Europe equities	3
● Gold and gold equities	5	● Asia ex-Japan equities	3
● Options	1		
● Illiquid strategies	4		



Currency allocation	%
● Sterling	85
● Yen	6
● Gold	5
● Other	4

## 5 largest of 16 bond holdings

Stock	% of fund	Stock	% of fund
US TIPS 0.125% 2022	4.9	Lloyds Banking Group	2.2
UK Treasury index-linked 1.875% 2022	4.0	Mitsubishi UFJ Financial	2.2
UK Treasury index-linked 1.25% 2055	4.0	T&D	2.1
UK Treasury index-linked 0.375% 2062	3.8	BP	1.8
US TIPS 1.25% 2020	3.6	Sumitomo Mitsui Financial	1.7

Source: Ruffer LLP

## 5 largest of 81 equity holdings\*

Stock	% of fund
Lloyds Banking Group	2.2
Mitsubishi UFJ Financial	2.2
T&D	2.1
BP	1.8
Sumitomo Mitsui Financial	1.7

\*Excludes holdings in pooled funds

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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.

Fund size £3,096.2m

## Fund information

%	O class	C class
Ongoing Charges Figure	1.52	1.22
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	1.30	1.29
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	
	O class	C class
ISIN	GB0009684100 (acc)	GB00B80L7V87 (acc)
	GB0009684878 (inc)	GB00B58BQH88 (inc)
SEDOL	0968410 (acc)	B80L7V8 (acc)
	0968487 (inc)	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

## 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. 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 28 February 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which over £11.7bn was managed in open-ended Ruffer funds.

## Enquiries

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