

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



The fund's shares rose 0.5% over the month. This compares with a increase of 4.4% in the FTSE All-Share Total Return Index and a rise of 0.5% in the FTSE Govt-All Stocks Total Return Index.

As has been the case for much of the last year, politics continued to be the dominant feature of May. As expected, Monsieur Macron defeated Madame Le Pen in the second round of the French election, to little fanfare. Further afield we had the threat of two presidents (Temer and Trump) being impeached within the same week. Both events saw risk assets swoon, although composure was recovered as investors acknowledged that corruption is par for the course for Brazilian presidents and the Republican party showed no appetite for railing against Mr Trump and his venomous Twitter account. Global equities finished the month within touching distance of the all-time highs seen at the end of 2016. By the time this is published we will know the result of the UK election, where anything less than an expanded Conservative majority will be seen as a failure for Theresa May. As the polls have tightened in recent days sterling has given back some of its recent gains. We maintain a substantial exposure to sterling, not as we have any particular insight into the outcome of the election, but more as a reflection of the substantial short positions that exist in the pound.

Without wanting to dwell further on politics, it is worth noting that the Conservative manifesto pledges to balance the budget by 2025-2026, much later than they previously anticipated. This represents further evidence that the balance is continuing to shift from monetary to fiscal policy on a global scale. This development is unlikely to be binary, but given the ever rising populist tide it is likely that governments will continue to need to take a greater part in supporting the economy. It remains our view that this will continue until a point where inflation starts to rise, and it is an open question as to whether the bond markets will be accepting of higher rates, and what impact this may have on equity valuations. Our long-held view is that this shift in regime is unlikely to be positive for either market, but that the fund's inflation-linked bonds and gold exposure, combined with the opportune use of more esoteric protections such as derivatives, will hopefully allow us to preserve capital through what will be an extremely damaging period for asset holders and savers alike.

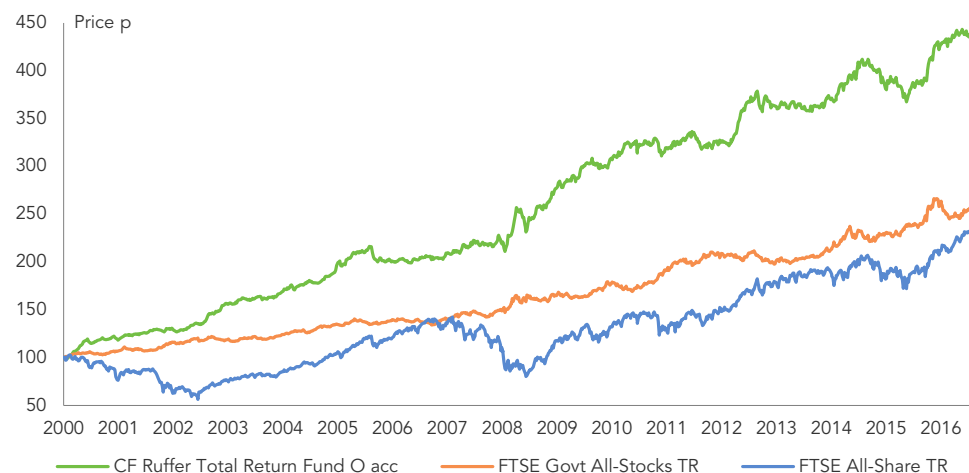
As ever, timing such inflection points is harder than identifying them, and it is for this reason we maintain our equity weightings at around 40%. The current regime of low interest rates and steadily recovering global economies will, absent any exogenous shocks, be positive for equity markets despite their obviously stretched valuations. In this context we have recently added a new holding in drug distribution business McKesson, which with a free cash flow yield in excess of 10% and a price-to-earnings ratio (PE) of 13x, represents one of the few remaining 'bond-like' equities without an extreme valuation. We have also increased the position in HeidelbergCement, which continues to trade at a discount to similar businesses.

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 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



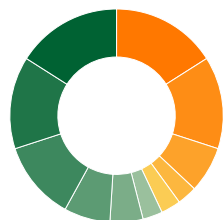
Performance %	May 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.5	0.2	13.1	20.5	36.5	112.9	
Percentage growth (O acc)	%		Share price as at 31 May 2017				p
31 Mar 2016 – 31 Mar 2017	12.8		O accumulation				437.86
31 Mar 2015 – 31 Mar 2016	-4.7		O income				297.12
31 Mar 2014 – 31 Mar 2015	11.8		C accumulation				444.23
31 Mar 2013 – 31 Mar 2014	-1.6		C income				301.61
31 Mar 2012 – 31 Mar 2013	10.4						

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 31 May 2017

Asset allocation



Asset allocation

	%
● Non-UK index-linked	16
● Long-dated index-linked gilts	14
● Index-linked gilts	12
● Cash	7
● Gold and gold equities	5
● Illiquid strategies	3
● Japan equities	16
● UK equities	14
● North America equities	7
● Europe equities	3
● Asia ex-Japan equities	3

Currency allocation



Currency allocation

	%
● Sterling	85
● Gold	5
● US dollar	3
● Yen	2
● Euro	2
● Other	3

10 largest of 85 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.2
Mitsubishi UFJ Financial	1.9
BP	1.8
T&D	1.8
Sony	1.6
Sumitomo Mitsui Financial	1.5
Mizuho Financial	1.3
Dai-ichi Life Insurance	1.1
McKesson	1.0
HeidelbergCement	1.0

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	5.2
US TIPS 0.125% 2022	5.1
UK Treasury index-linked 0.125% 2024	4.8
UK Treasury index-linked 1.25% 2055	4.0
UK Treasury index-linked 0.375% 2062	3.9

*Excludes holdings in pooled funds
Source: Ruffer LLP

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 £3,194.1m

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	1.58	1.57
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) GB0009684878 (inc)	GB00B80L7V87 (acc) GB00B58BQH88 (inc)
SEDOL	0968410 (acc) 0968487 (inc)	B80L7V8 (acc) 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

† © FTSE 2017. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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 May 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.2bn was managed in open-ended Ruffer funds.

Enquiries

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

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2017