

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



O class September 2019 Issue 201

During September, the fund price fell by 1.2%. This compared with a rise of 3.0% 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).

September's moves unwound much of the damage done in August's market fall. The fund finished the first nine months of 2019 with an appreciation of 7.5% – a reasonable outcome when viewed in the context of a portfolio which is positioned defensively and has carried protective assets through a benign period for markets.

Everywhere politicians, policymakers and actors on the global stage may be pushing things too far. Peggy Noonan in the Wall Street Journal suggested that 'everyone now making decisions grew up in the past sixty years, a time of historic wealth creation, human growth and relative stability... they think this is normal... in this cynical age they've grown too trusting of good fortune.'

This blind faith that, no matter what the risks, everything will work out alright is prevalent in many places. It is in Trump's insouciance, in parts of the Brexit debate and in the Hong Kong and *gilet jaune* protests where, after initial success, the protesters have been emboldened to push for more.

In the investment sphere examples abound of things being taken too far. We have opined before about the dangers lurking in the venture capital unicorns. Some of these businesses will change the world, most will not. New era thinking cannot obfuscate the numbers indefinitely. WeWork's IPO flop was an example of corporate governance, jargon and a valuation which went beyond the pale.

The future is an uncertain place and yet there is a central thread to these diffuse stories: none of these protagonists has allowed any room for doubt. Each is playing a winner-takes-all strategy.

Due to the binary nature of many of these issues: Brexit, deal or no deal, China, trading partner or strategic adversary, US elections, free marketeer or an anti-capitalist; it is plausible that markets are struggling to discount or weigh events accurately. This makes the current situation brittle with markets likely to respond sharply up or down when events break one way or the other. We only need to look at the Argentine stockmarket's one day fall of 37% for an extreme example of this path dependency. One day everything was fine, the next it wasn't.

By nature we have an ardour for ambiguity. Our portfolio construction hinges around accepting that we do not possess a crystal ball and we deliberately build a collection of offsetting assets which will be robust, and hopefully thrive, under the full range of potential outcomes.

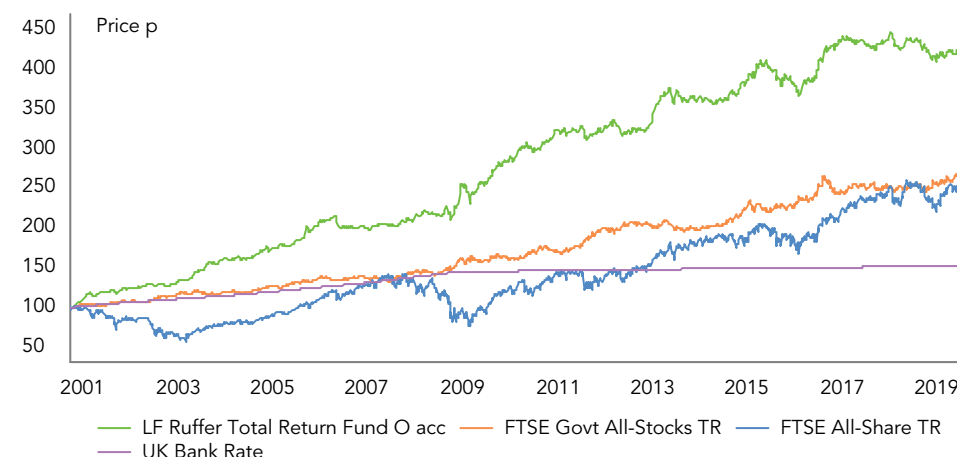
From 1 November we are delighted that Alexander Chartres and Matt Smith will join Steve Russell as co-managers of the fund. They have been at Ruffer since 2010 and 2011 respectively. David Ballance is stepping down as one of the fund managers; David has been a co-manager of the fund since 2006 and will remain part of the wider investment process at Ruffer.

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 %	September 2019	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.2	7.5	1.4	2.6	18.6	58.0
Percentage growth (O acc)	%		Share price as at 30 September 2019			
30 Sep 2018 – 30 Sep 2019	1.4		O accumulation			
30 Sep 2017 – 30 Sep 2018	1.3		O income			
30 Sep 2016 – 30 Sep 2017	0.0					
30 Sep 2015 – 30 Sep 2016	12.9					
30 Sep 2014 – 30 Sep 2015	2.3					

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.

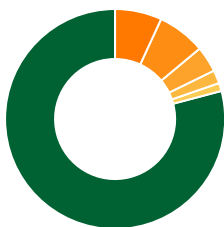
LF Ruffer Total Return Fund as at 30 Sep 2019

Asset allocation



Asset allocation	%
Long-dated index-linked gilts	16.8
Non-UK index-linked	14.6
Cash	7.6
Illiquid strategies and options	7.3
Gold and gold equities	7.0
Short-dated bonds	6.9
Index-linked gilts	2.0

Currency allocation



Currency allocation	%
Sterling	79.1
Gold	7.0
Yen	6.8
US dollar	2.0
Euro	1.3
Other	3.9

10 largest of 58 equity holdings*

Stock	% of fund
Walt Disney Company	2.4
Tesco	2.1
ExxonMobil	1.6
Sony	1.5
Vivendi	1.5
BP	1.3
Mitsubishi Electric	1.2
Amgen Inc	1.1
Lloyds Banking Group	1.0
Celgene Corporation	1.0

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	5.5
UK Treasury index-linked 1.25% 2055	4.6
US Treasury TIPS 1.25% 2020	4.5
US Treasury 1.75% TIPS 2019	3.5
US Treasury 2.0% TIPS 2020	3.4

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

Fund size **£3,260.8m**

Fund information

Ongoing Charges Figure	1.52
Annual management charge	1.50
Maximum initial charge	5.0
Yield	1.39
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 GB0009684100 Income GB0009684878
SEDOL	0968410 0968487
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

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.



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 August 2019, assets managed by the Ruffer Group exceeded £20.7bn.

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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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