

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



Class October 2022 Issue 238

The fund rose +1.1% compared with a return on the UK Bank Rate of +0.2%.

Financial markets were calmer in October compared to the volatility of recent months. Surveys suggest investors entered the fourth quarter with a sense of dread, indicating they were as bearish as they had been for some time and simply hoping the year would end! Given this starting position, it is perhaps unsurprising financial assets generally rallied in the absence of further bad news. This rally was not universal, and although the Dow Jones enjoyed its best month since 1976, up 14%, the much-vaunted tech sector suffered substantial falls.

There was growing hope central banks would begin to slow their path of interest rate rises, and potentially even begin to hint at pivoting towards future cuts. At the same time, a relatively warmer autumn helped European gas prices fall, removing some shorter-term inflationary pressures. In the UK, the end of Liz Truss's brief term as prime minister, and the junking of her economic plans saw calm return to the gilt markets, which had been the epicentre of market volatility. All these things helped to boost market sentiment. Against this backdrop, the fund's performance was broadly flat. Despite their low weighting, the fund's equity positions were a positive contributor (+1.2%) to returns, while the main headwinds were the unconventional protections (-0.6%). The resurgence in sterling also saw the positions in the US dollar and the yen contribute negatively.

Last month we described a move into long dated US inflation-linked and conventional bonds. We continued this move throughout October. We entered 2022 with our duration position almost entirely hedged, we now have around eight years of duration in the fund. We have also taken some profits in the UK inflation-linked gilts bought at extremely attractive prices at the nadir of the post 'mini-budget' crisis.

Our structural view remains that we have moved into a new regime, characterised by higher and more volatile inflation. Structurally higher inflation means we remain in a bear market for both bonds and equities. Inflation will also be more volatile and there will be periods when it might decline meaningfully. During these phases of falling inflation, we will need to participate in potentially powerful bond rallies. This is unequivocally not a reversion to the regime of the last four decades, but an acknowledgment that the path to the new regime is unlikely to be linear. Active management, including the use of cash, will continue to be key to driving returns.

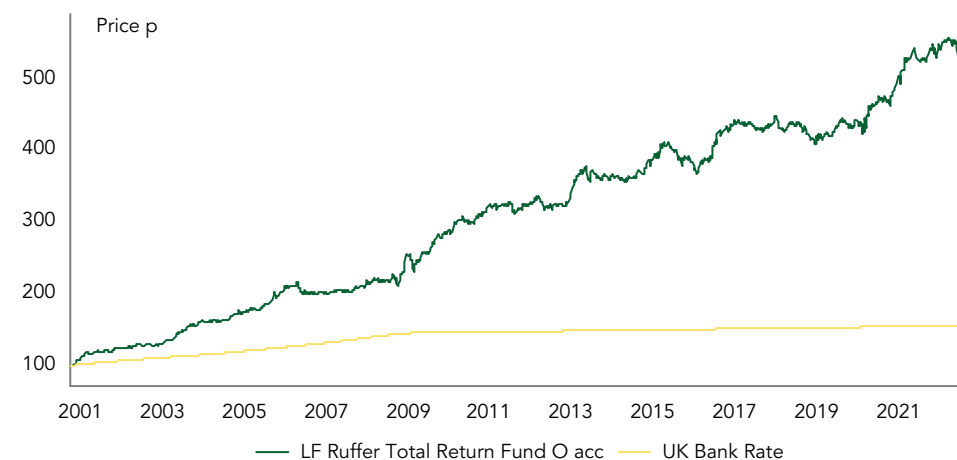
By the time we publish, the Federal Reserve will have announced the results of its 2 November meeting. There is much hope they will pivot in response to growing fears of a global recession. They will not be enthusiastic to see equity markets rally. Given the continued focus on financial conditions and inflation, we suspect any such rally might only be short lived.

We are holding a meeting for shareholders on Thursday 24 November at our office in London. If you would like to attend please email ruffer@ruffer.co.uk.

Investment objective

To seek to achieve positive returns in all market conditions over any 12 month period, after all costs and charges have been taken. Underlying this objective is a fundamental philosophy of capital preservation. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any twelve-month period.

Performance since fund launch on 29 September 2000



O accumulation shares	Performance %	Share price as at 31 October 2022	p
October 2022	1.1	O accumulation	541.47
Year to date	1.1	O income	337.50
1 year	-0.2		
3 years	25.1		
5 years	24.6		
10 years	67.4		

12 month performance to September %	2018	2019	2020	2021	2022
LF Ruffer Total Return Fund O acc	1.3	1.4	7.0	12.3	1.3
UK Bank Rate	0.5	0.8	0.4	0.1	0.8

Source: Ruffer LLP

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 2022

Asset allocation



Asset allocation	%
Short-dated bonds	21.3
Cash	15.3
Index-linked gilts	13.3
Long-dated bonds	13.1
Long-dated index-linked gilts	10.6
Non-UK index-linked	9.7
Gold exposure and gold equities	1.6
Protection strategies and options	1.1
UK equities	5.9
North America equities	3.8
Europe equities	3.1
Japan equities	0.9
Other equities	0.4

Currency allocation	%
Sterling	70.6
Yen	10.9
US dollar	7.9
Australian dollar	6.2
Euro	3.3
Other	1.1

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP ADR	1.8
Hertz	0.5
Bayer	0.5
BP	0.4
Ryanair	0.4
Ambev SA	0.4
Federated Hermes Inc Class B	0.4
Coty	0.3
EXOR N.V.	0.3
Man Group	0.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.3
US Treasury FRN 2024	6.5
UK Treasury index-linked 2.5% 2024	5.2
US government 0.125% 2051	4.6
UK Treasury index-linked 0.125% 2068	4.3

*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 £3,455.2m

Fund information

	%
Ongoing Charges Figure	1.52
Annual management charge	1.50
Maximum initial charge	5.0
Yield	2.47
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
	GB0009684100	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**

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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

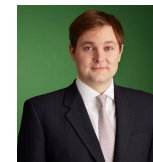
Joined Ruffer in 2011 after graduating from the University of Edinburgh with a first class honours degree in history and German. He spent 2015 seconded to Ruffer's Hong Kong office, and is a fellow of the Chartered Institute for Securities & Investment. He co-manages two of Ruffer's flagship funds.



Alexander Chartres

INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He is a member of the Chartered Institute for Securities & Investment and he co-manages two of Ruffer's flagship funds.



Ruffer LLP

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