



CF RUFFER TOTAL RETURN FUND

Positive absolute returns with low volatility

MAY 2009

ISSUE 76

Share price as at 29 May 2009

'O' accumulation shares

257.19p

Share price as at 29 May 2009

'O' income shares

203.47p

Launch price as at 29 Sep 2000

100.00p

Percentage growth to 31 Mar 2009

31 Mar 2008 – 31 Mar 2009 9.8%

31 Mar 2007 – 31 Mar 2008 8.5%

31 Mar 2006 – 31 Mar 2007 -3.2%

31 Mar 2005 – 31 Mar 2006 18.2%

31 Mar 2004 – 31 Mar 2005 10.0%

Source: Ruffer LLP

Sector ranking (Cautious Managed)

Position/No. of funds

1 year 1/119

3 years 1/79

5 years 1/48

Source: Lipper, S&P

Investment adviser Ruffer LLP

ACD Capita Financial Managers Limited

Depository The Bank of New York Trust & Depository Company Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of CF Ruffer Investment Funds (OEIC)
UK domiciled UCITS III
Eligible for ISAs

Share classes Accumulation and Income

Distribution yield 2.18%

Total Expense Ratio 1.56%

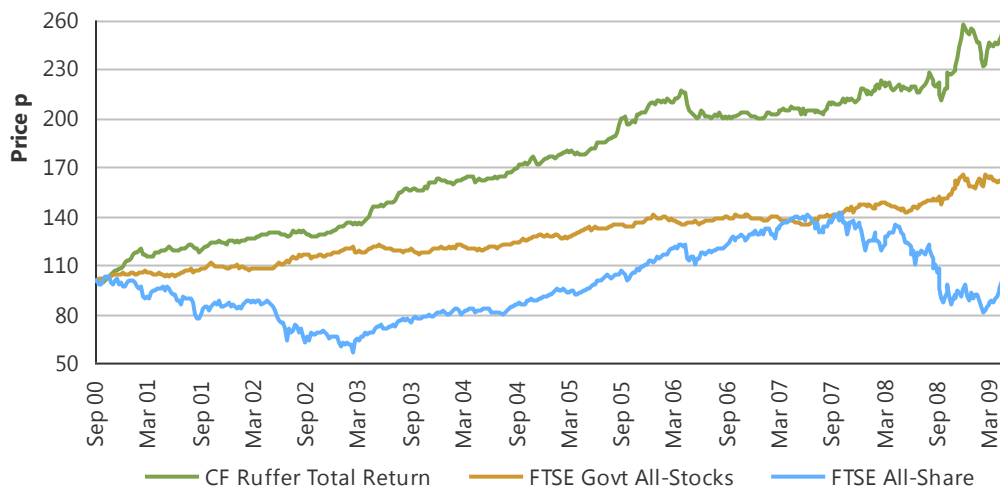
Benchmark FTSE All-Share
(performance comparator) FTSE Govt All-Stocks

IMA classification Cautious Managed

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. Pervading this objective is a fundamental philosophy of capital preservation.

Performance since inception



Source: Ruffer LLP

Monthly review

During May the Fund price rose by 3.7%. This compared with a rise of 4.2% in the FT All-Share Index, and a decline of 1.0% in the FT All-Stocks Index (both figures total returns in sterling).

Equity markets worldwide continued to recoup prior losses in May as economic data and surveys pointed, if not to a rebound in activity, then at least to a clear slowing in the pace of decline. This was largely to be expected as the rate of decline in economic activity experienced in the last two quarters, if sustained, would eventually have had us heading back to the living standards of the middle ages. In addition, it is likely that the sharp falls in GDP were exacerbated by a rapid reduction in inventories, which was always going to be a one-off effect. So duly encouraged by these so called 'green shoots' the western equity markets have rallied some 25% from their lows, whilst emerging markets have shown even greater enthusiasm.

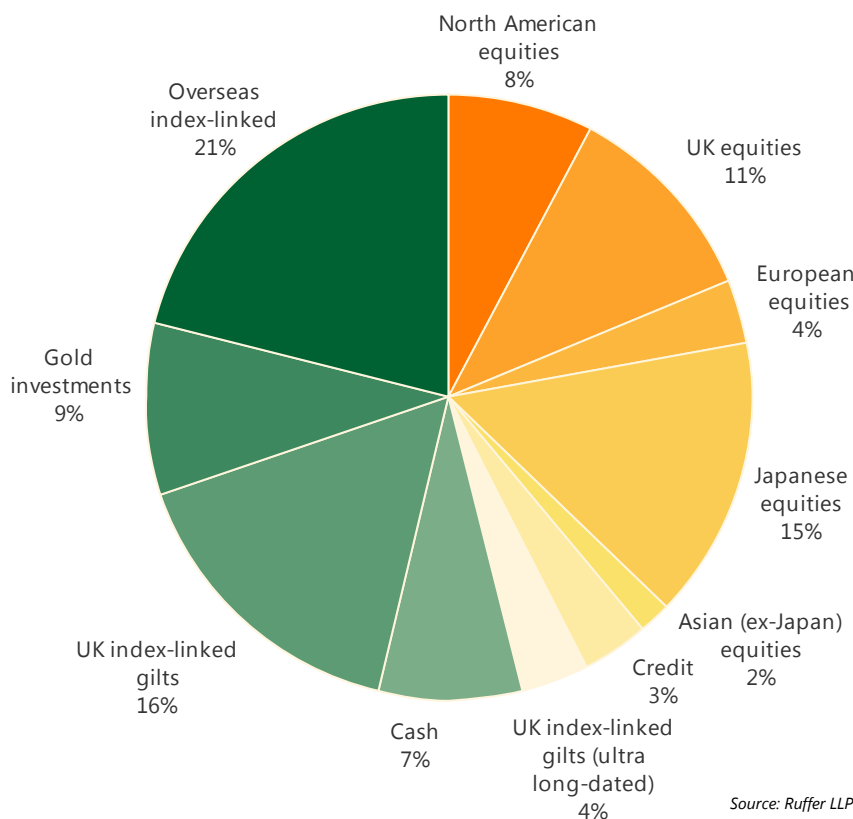
The new development is that these moves in risk assets are no longer being universally dismissed as merely a bear market rally, as was the general view a month ago. Instead some investors are talking of 'V' shaped recoveries and the start of a new bull market for equities. We had been puzzled as to how any significant bear market rally could take root given the clear evidence of the damage done to both financial and real economies, but now we can see both how and why every major bear market through the years has contained at least one large counter trend rally.

Our view remains unchanged: we simply do not know whether the low point for this bear market has now passed, but we certainly do not believe that we have now moved straight into recovery mode. Brief rallies from technical lows are to be expected, and if supported by encouraging data, can be surprisingly powerful and need to be

exploited. However, there will be no rapid return to the old 'normality'; the credit system remains just a faint shadow of its once leviathan self and the mountain of debt remains in place, even if governments are rapidly redistributing the burden across the whole population.

So how is the portfolio constructed to navigate through the current divergent views on the outlook for the markets? Our index-linked bonds remain a huge store of value if our expectations of inflation prove to be true and are also a useful counterweight to our equity holdings should the current rally unwind. Gold has been benefiting from the recent concerns over the US dollar and remains a useful shield potentially against both inflation and deflation. As for our equities, they can best be separated into two broad themes: recovery prospects and safe, steady, high yield stocks. Our equity holdings in the UK, US and Europe remain focused on large companies with strong balance sheets (often stronger than their country of domicile), good cash flows and in most cases attractive dividend yields that we expect to be maintained or increased through this recession. These stocks, such as BP, Vodafone, Philip Morris, Kraft, Ericsson, Johnson & Johnson and Novartis, have lagged the early stages of the stock market rally, but should have good staying power. As for recovery potential in the portfolio, this is addressed by our holdings in Japanese financials (banks and property). We find attractive value in Japan where the financials have few if any of the enduring problems that afflict western banks but have suffered not dissimilar collapses in their share prices. An early investment in this area, Nomura, has delivered us a 50% gain and we are optimistic of further such gains in the portfolio. Lastly, in terms of currency the portfolio has largely returned home: sterling now makes up 77% of the fund, gold 9% and yen now 7%, with no net dollar exposure.

Portfolio structure as at 29 May 2009



Five largest equity holdings as at 29 May 2009

Stock	% of fund
BP plc	3.5
Gold Bullion Securities Ltd	3.1
Mitsubishi UFJ Financial Group	2.9
Annaly Capital Management	2.4
Nippon Telegraph & Telephone	2.3

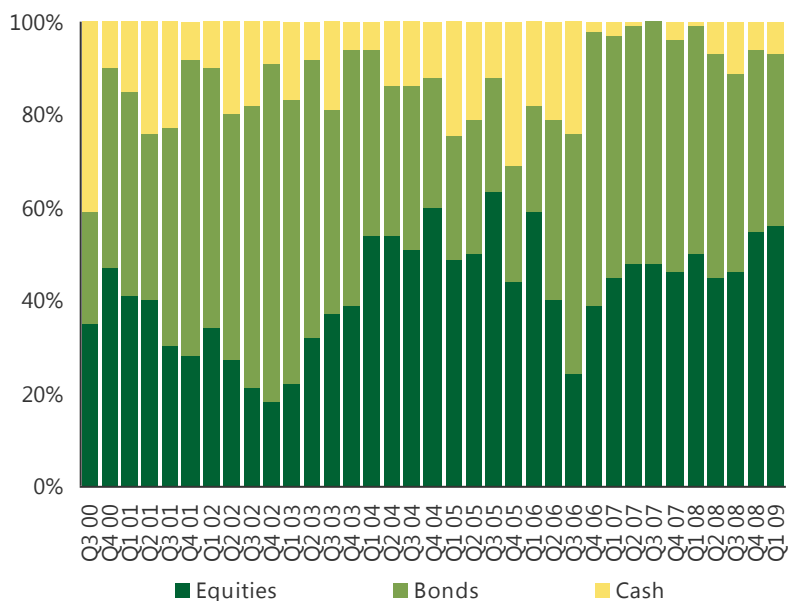
Source: Ruffer LLP

Five largest bond holdings as at 29 May 2009

Stock	% of fund
UK Treasury index-linked 1.25% 2017	7.3
UK Treasury index-linked 2.5% 2024	5.5
Japan index-linked 1.2% 2017	4.4
CG Portfolio Real Return Fund	3.8
UK Treasury index-linked 1.25% 2055	3.8

Source: Ruffer LLP

Asset allocation



Fund information

Fund size	£453.2m (29 May 2009)
No. of holdings	62 equities, 11 bonds (29 May 2009)
Minimum investment	£1,000
Ex dividend dates	15 March, 15 September
Pay dates	15 May, 15 November
Charges	Initial charge 5% Annual management charge O class 1.5%
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
Dealing line	0845 601 9610
ISIN Number	O class: GB0009684100 (acc) GB0009684878 (inc)



STEVE RUSSELL
Investment Director

Started as a research analyst at SLC Asset Management in 1987, where he became Head of Equities in charge of £5bn of equity funds. In 1999 moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in September 2003. Became a non-executive director of JP Morgan Fleming Continental Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.



DAVID BALLANCE
Investment Director

Previously International Equities Head at Rothschild Private Management, prior to which he was European Equities Head at Rothschild Asset Management. Graduated from Oxford and worked for Allied Dunbar Asset Management as Senior Investment Manager before moving to Threadneedle Investment Managers Ltd as Head of European Equities. Joined Ruffer in 2006 and is co-manager of the CF Ruffer Total Return Fund.

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Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, their trusts and pension funds. It also manages portfolios for small and medium sized corporate and charitable institutions. As at 29 May 2009, funds managed by the group exceeded £4.0bn, of which over £1.4bn was managed in open-ended Ruffer funds.