

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



C class November 2018 Issue 190

During November, the fund price fell by 2.1%. This compared with a fall of 1.6% in the FTSE All-Share Index and a decrease of 1.2% in the FTSE Government All-Stocks Index (both figures are total returns in sterling).

This is a disappointing return despite November's volatile markets. Global equities were significantly boosted by a relief rally in the closing days of the month, with the S&P 500 posting its best week in seven years to claw its way back into positive territory for the year to date. The fund, however, was largely bypassed by this late recovery, which focused on defensives and technology, rather than the cyclical and value stocks that feature in our portfolio. This was compounded by the sharp fall in the oil price, ending the month down 23%, its worst monthly showing in a decade. These recent shifts in equity markets do not chime with the still strong economic growth that we observe.

The proximate cause for the equity bounce was what is now being termed the 'Fed flinch'. US Federal Reserve Chairman Powell backed away from his October comments that interest rates were 'a long way from neutral' and instead decided in November that they were actually now 'just below neutral'. This provided the impetus for the rally in longer duration equities (defensives and technology). Cynics could well infer that interest rates are now being set by President Trump's Twitter account. However we would focus more on the risk of inflation if the Fed is seen as shying away from necessary, though painful interest rate rises.

2018 has turned into an *annus horribilis* for investors, with almost all major asset classes showing declines. To the end of November investors could have eked out a small gain in the S&P 500 or dollar cash, but almost anything else is down. Our own portfolio has not been immune and this led to considerable introspection of our world view and portfolio strategy. Importantly, we are convinced we are in the right place. Markets do not decline in a straight line but it is our impression we have likely seen the top for this market cycle, even if economies remain robust. We expect financial conditions to tighten further in 2019 thus, we have continued to reduce equities, selling some of our long held Japanese financials.

There will be noise around the trends, but protectionism and populism are here to stay. We added to portfolio protections this month, particularly long dated US TIPS. These are priced for around 2% or less inflation for the next 30 years. In a hugely indebted world with rising deficits, unfunded liabilities and electorates agitating for higher wages and government spending this seems the wrong price to us.

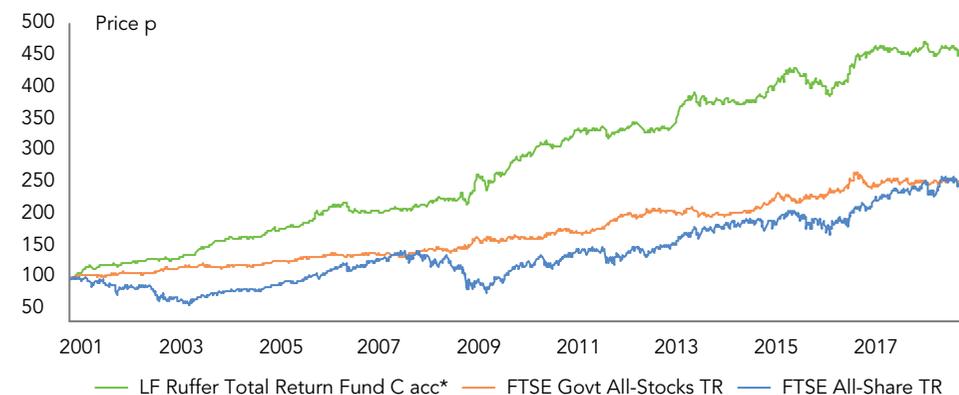
Despite the bruises from recent performance, we remain resolutely optimistic about the prospects for our unconventional protections, particularly those against credit markets which we see as highly distorted and likely to fall in dislocative fashion. These have been expensive to carry but when the flood arrives we hope they will keep you safe.

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 %	November 2018	Year to date	1 year	3 years	5 years	10 years
C accumulation shares	-2.1	-5.1	-4.2	7.7	16.1	87.3

Percentage growth (C acc)	%	Share price as at 30 November 2018	p
30 Sep 2017 – 30 Sep 2018	1.6	C income	281.14
30 Sep 2016 – 30 Sep 2017	0.3	C accumulation	423.67
30 Sep 2015 – 30 Sep 2016	13.2		
30 Sep 2014 – 30 Sep 2015	2.8		
30 Sep 2013 – 30 Sep 2014	3.1		

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 12 Sept 2012. This is based upon a simulated/extended track record, using the track record of LF Ruffer Total Return Fund O acc.

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 Nov 2018

Asset allocation



Asset allocation %

● Non-UK index-linked	24.4
● Long-dated index-linked gilts	14.4
● Gold and gold equities	6.9
● Index-linked gilts	6.3
● Illiquid strategies and options	5.1
● Cash	4.7

● Japan equities	11.3
● UK equities	10.7
● North America equities	8.7
● Europe equities	4.1
● Asia ex-Japan equities	3.0
● Other	0.4

Currency allocation %

● Sterling	69.8
● US dollar	11.7
● Yen	7.5
● Gold	6.9
● Euro	0.4
● Other	3.7

Currency allocation



10 largest of 57 equity holdings*

Stock	% of fund
Lloyds Banking Group	1.9
Tesco	1.8
Walt Disney Company	1.8
Vivendi	1.5
Sumitomo Mitsui Financial Group	1.5
Mitsubishi UFJ Financial	1.5
Cigna Corporation	1.3
BP	1.3
ExxonMobil	1.3
T&D	1.2

5 largest of 21 bond holdings

Stock	% of fund
US Treasury index-linked 0.125% TIPS 2022	4.4
UK Treasury index-linked 1.875% 2022	4.3
UK Treasury index-linked 1.25% 2055	3.9
UK Treasury index-linked 0.375% 2062	3.8
US Treasury TIPS 1.25% 2020	3.6

*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.

Fund size £2,997.9m

Fund information

	%
Ongoing Charges Figure*	1.25
Annual management charge	1.20
Maximum initial charge	5.0
Yield	1.45
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 GB00B80L7V87 Income GB00B58BQH88
SEDOL	B80L7V8 B58BQH8
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. 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 October 2018, assets managed by the Ruffer Group exceeded £21.5bn.

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