

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



I class April 2019 Issue 196

During April, the net asset value of the Company rose by 0.4%. This compares with a rise of 2.7% in the FTSE All-Share index.

Within the portfolio, positive contributions came from our equities, which outperformed the market, but gains were tempered by our defensive assets with index-linked bonds, gold and unconventional protections all down. Does it feel like we have been here before? In testament to the extreme brevity of financial memory, after two near-calamities in February and December of 2018, investors have been persuaded the environment is ripe for risk-taking and stock markets have pushed back towards all-time highs.

As we discussed last month, the volte-face from the Federal Reserve on interest rates may have materially changed things in the short run. We see their actions as a promise, not just to refrain from taking away the punch bowl, but also to proactively encourage investors to party a little harder. Additionally, it is plausible that good news on US/China trade relations or Brexit could give further impetus to the rally. Lastly, the political debate in the US is gravitating towards highly stimulative policies such as modern monetary theory and job guarantee schemes. In response, we have let our equity weighting drift up to above 40% whilst the sun is shining.

This environment has buoyed risk taking and encouraged complacency: volatility selling is back, credit spreads have been crushed, currency markets are somnambulant and \$10 trillion of bonds trade on negative yields. The equities which are working are the ones playing the games which define this particular cycle: the FANGs (Facebook, Amazon, Netflix, Google), technology and those favouring corporate finance solutions such as buybacks or acquisitions over capital expenditure and investment. In a sign of the times, we are seeing a flurry of tech unicorns come to market – Uber, Lyft, WeWork, Airbnb, Pinterest and more. These businesses are ubiquitous and some have even reached the status of verbs, yet the simple concept of a profit eludes them. In a world where growth is scarce, the hope of any growth draws in capital, irrespective of its quality.

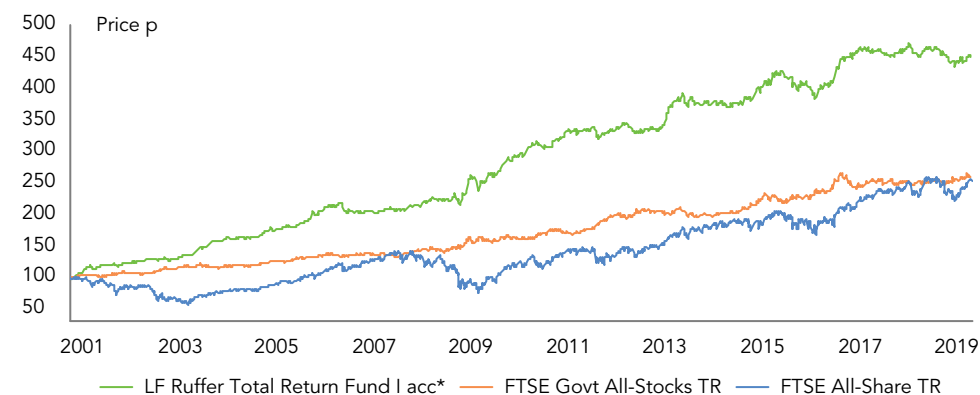
Our largest equity holding is Walt Disney, which rose 23% over the course of the month (adding 0.6%) after a highly publicised investor day. Disney is the world’s largest media company and seeks to monetise its characters and unrivalled content library through movies, consumer products and theme parks. The acquisition of 21st Century Fox broadens and deepens this unique pool of intellectual property. The newly announced direct to consumer streaming service, Disney+, looks like a competitor to Netflix, but on a fraction of the valuation. As investors start to use their imagination and consider how big, profitable and advantageous Disney+ might become, we expect the stock to continue to do well.

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



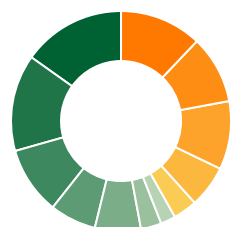
Performance %	April 2019	Year to date	1 year	3 years	5 years	10 years
I accumulation shares	0.4	3.9	-1.6	11.2	21.6	77.6
Percentage growth (I acc)	%		Share price as at 30 April 2019			
31 Mar 2018 – 31 Mar 2019	-0.6		I accumulation			
31 Mar 2017 – 31 Mar 2018	-1.2		I income			
31 Mar 2016 – 31 Mar 2017	13.4					
31 Mar 2015 – 31 Mar 2016	-4.1					
31 Mar 2014 – 31 Mar 2015	12.3					

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 3 Nov 2004. 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 Apr 2019

Asset allocation



Asset allocation	%
Long-dated index-linked gilts	15.1
Non-UK index-linked	14.2
Short-dated bonds	9.9
Gold and gold equities	6.9
Illiquid strategies and options	6.7
Cash	3.1
Index-linked gilts	2.1

Currency allocation



Currency allocation	%
Sterling	74.4
Yen	6.3
Gold	6.3
Euro	4.5
US dollar	4.3
Other	4.3

10 largest of 61 equity holdings*

Stock	% of fund
Walt Disney Company	3.0
Tesco	2.2
Vivendi	1.8
Sumitomo Mitsui Financial Group	1.4
Sony	1.4
Mitsubishi Electric	1.3
Cigna Corporation	1.3
Mitsubishi UFJ Financial	1.3
DowDuPont	1.3
Lloyds Banking Group	1.3

5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.8
US Treasury TIPS 1.25% 2020	4.5
UK Treasury index-linked 1.25% 2055	4.1
US Treasury 1.75% TIPS 2019	3.4
US Treasury 2.0% TIPS 2020	3.3

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

Fund size **£3,428.6m**

Fund information

Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	1.44
Minimum investment	£30m
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 GB00B03JB001 Income GB00B03J9Y05
SEDOL	B03JB00 B03J9Y0
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 March 2019, assets managed by the Ruffer Group exceeded £21.2bn.

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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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