

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



I class October 2020 Issue 214

During October, the fund price fell by 1.6%. This compared with a fall of 3.8% in the FTSE All-Share Index and a fall of 0.5% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

A low allocation to equities and some profit taking in gold mining shares over the last two months softened the blow but was not enough to mitigate an overall loss in October. Concerns that bothered risk assets in September became more acute in October. Hopes faded of further US fiscal stimulus prior to the election and coronavirus infections surged across Europe bringing further curtailments in economic activity. Equity markets lost ground, with falls ranging from around 3% in the US to 10% in Germany. October illustrated again why we have been concerned for some time about the lack of effective protective assets. As equities fell, traditional haven assets such as US treasuries, UK gilts and gold also declined. Only the US dollar strengthened, validating both our suspicion that it may be one of the last traditional offsets available and its increased weighting in the fund.

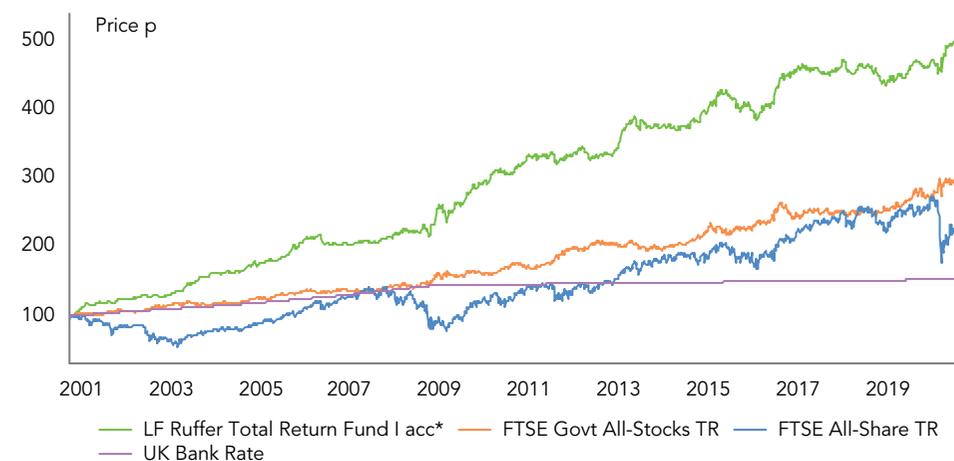
The balanced portfolio of traditional assets is more vulnerable than ever. Our answer is to maintain an allocation to credit protections, which will provide a potent offset to deeper equity market falls, as was the case in the first quarter. We took significant profits earlier this year but once again increased the sensitivity of these positions as the summer ended. We think it is likely that there will be corporate failures before this crisis is resolved. Not every over-indebted company will be able to refinance or be rescued by governments.

Whatever the result of the US election, one thing seems certain – government will get bigger and further fiscal support will ensue. Whether this takes the form of tax cuts or a Green New Deal will be a function of both the occupant of the White House and the composition of the Senate. Either way, with inflation deemed quiescent this fiscal support will be accompanied by rock bottom interest rates. A debt dependent recovery will not be able to stomach higher interest rates and higher inflation will be tolerated as the price for rehabilitating the economy. The global fiscal fire hose will eventually have its desired effect. Inflation will emerge like Hemingway's bankruptcy – 'gradually, then suddenly'. Risk assets will enjoy the 'gradually' and hate the 'suddenly'. For this reason, we hold value equities for the heralding of inflation and inflation-linked bonds for when it arrives. Low inflation expectations are underpinning high valuations on many asset prices and 2021 looks like it could be the year when this unravels.

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



I accumulation shares	Performance %	Share price as at 30 October 2020	p
October 2020	-1.6	I accumulation	502.44
Year to date	5.1	I income	324.95
1 year	7.6		
3 years	8.3		
5 years	21.2		
10 years	56.1		

Performance to September 2020 %	2016	2017	2018	2019	2020
LF Ruffer Total Return Fund I acc*	13.5	0.5	1.8	1.9	7.5
FTSE Govt All-Stocks TR	12.6	-3.6	0.6	13.4	3.4
FTSE All-Share TR	16.8	11.9	5.9	2.7	-16.6
UK Bank Rate	0.5	0.2	0.5	0.8	0.4

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.

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.

LF Ruffer Total Return Fund as at 30 Oct 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	23.0
Long-dated index-linked gilts	11.4
Short-dated bonds	10.0
Illiquid strategies and options	9.7
Gold and gold equities	8.2
Cash	3.9
Index-linked gilts	1.9
UK equities	11.1
Japan equities	6.6
North America equities	6.3
Europe equities	6.3
Asia ex-Japan equities	1.7

Currency allocation	%
Sterling	77.1
US dollar	11.0
Gold	8.4
Yen	0.7
Euro	0.4
Other	2.4

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.2
iShares Physical Gold	2.0
Kinross Gold	1.5
NatWest Group	1.0
Carrefour	0.9
Barclays PLC	0.8
BP	0.8
Tesco	0.7
Vinci	0.7
Charles Schwab	0.7

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.6
US Treasury FRN Oct 2021	3.5
US Treasury 0.875% TIPS 2029	3.4
UK Treasury index-linked 1.25% 2055	3.2
UK Treasury 1.5% 2021	3.1

*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 £3,284.6m

Fund information

Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	0.88
Minimum investment	£25m
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	

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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 Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He was made a manager of the Total Return Fund in 2019.



Alexander Chartres

INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He specialises in geopolitics and its investment implications, with a particular focus on European and Great Power politics.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 September 2020, assets managed by the Ruffer Group exceeded £20.0bn.

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