

LF Ruffer Total Return Fund

Positive absolute returns with low volatility

During March, the fund price rose by 2.6%. This compared with a rise of 4.0% in the FTSE All-Share index and no change in the FTSE Govt All Stocks index (all figures total returns in sterling). Index-linked gilts and cyclical equities were the main contributors to performance while options, gold and US index-linked bonds were a small drag on returns.

Closing the books on the first quarter, we are pleased to be up 6.7%. Global equities also had a good start – the FTSE All-World was up 4.0% as investors started to visualise what a recovery will feel like. Meanwhile, most multi-asset strategies and conventional portfolios were either side of breakeven.

Conventional portfolios have become, by design and by default (via benchmarking), wired to the assets which performed well in the last market regime. That was a period of low economic growth and falling inflation. In a nutshell, this equated to prioritising conventional bonds over inflation-linked bonds, a preference for growth over value and for technology over everything. The problem is that in the new regime these might all be the wrong trades.

Today, we expect an economic boom in the latter half of the year and hopefully into 2022. What is the recipe? Take one part pent up animal spirits, mix with accumulated lockdown savings, pour on lashings of stimulus – serve in a supply constrained glass. Even central bankers are in party mood – they have said they will not take away the punchbowl until we have overshot policy objectives.

In this world, there will be ample opportunity for businesses that have survived covid to grow sales and earnings – so the premium put on growth stocks will no longer be valid. Expect cyclical and value stocks to perform best. In the bond market, the US ten year yield has more than tripled from the August lows and sits at 1.7%, but it is still lower than where it ended 2019. This is where the real conundrum lies. The Barclays Long Treasury Index is down over 20% since August, its worst fall in 40 years, reminding everyone there is still risk in this supposedly risk-free asset. Rising yields are also starting to cause stresses elsewhere. The tide going out revealed Archegos and Greensill to be swimming naked and gold is down 15% from the autumn peak where we were taking profits.

Our Chief Investment Officer, Henry Maxey, expands upon the idea that traditional portfolios are going to get chomped by ‘Jurassic risk’ in our latest [Ruffer Review](#). Of course, it is possible this is just a cyclical upswing before disinflationary forces reassert themselves, but we think the game has changed.

For the new regime, investors need to be more creative in their diversification and protections. Government and corporate bonds are a mathematically bounded asset class offering low returns and limited protective qualities. We continue to see a competitive advantage in the expertise we have accumulated in unconventional protections and also think index-linked bonds will become a key asset class in the future.

As for inflation, as George Soros said “I’m not predicting it, I’m observing it.” Houses, used cars, microchips, the cost of shipping – it’s happening right now. We have our protections and a game plan in place.

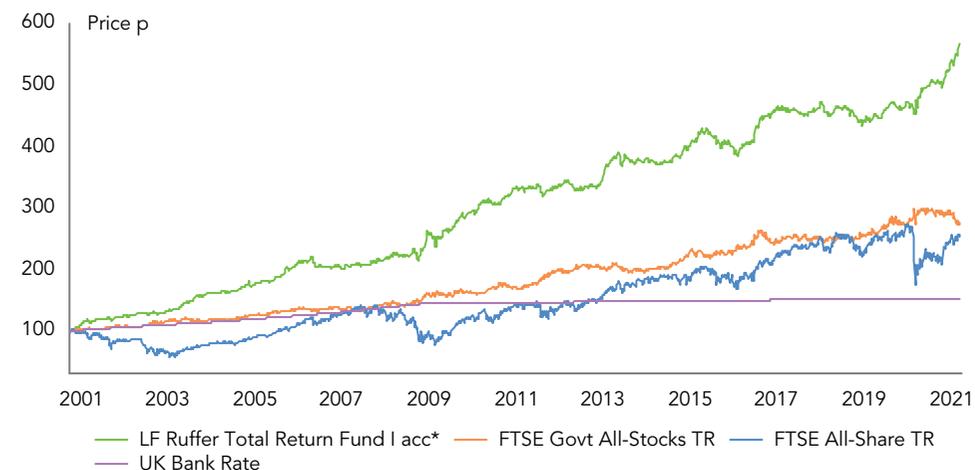
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



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 31 March 2021 | p |
|-----------------------|---------------|---------------------------------|---------------|
| March 2021 | 2.6 | I accumulation | 571.73 |
| Year to date | 6.7 | I income | 368.63 |
| 1 year | 20.5 | | |
| 3 years | 24.8 | | |
| 5 years | 39.8 | | |
| 10 years | 69.8 | | |

| 12 month performance to March % | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|------|------|------|-------|------|
| LF Ruffer Total Return Fund I acc* | 13.4 | -1.2 | -0.6 | 4.2 | 20.5 |
| FTSE Govt All-Stocks TR | 6.6 | 0.5 | 3.7 | 9.9 | -5.5 |
| FTSE All-Share TR | 22.0 | 1.2 | 6.4 | -18.5 | 26.7 |
| UK Bank Rate | 0.3 | 0.4 | 0.7 | 0.7 | 0.1 |

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 31 Mar 2021

Asset allocation



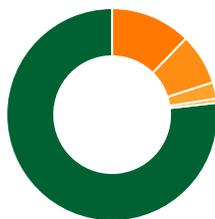
Asset allocation %

| | |
|-----------------------------------|------|
| ● Non-UK index-linked | 19.3 |
| ● Illiquid strategies and options | 9.6 |
| ● Long-dated index-linked gilts | 9.0 |
| ● Gold and gold equities | 7.5 |
| ● Short-dated bonds | 6.9 |
| ● Cash | 4.2 |
| ● Index-linked gilts | 1.7 |
| ● UK equities | 17.4 |
| ● North America equities | 8.6 |
| ● Japan equities | 7.3 |
| ● Europe equities | 6.8 |
| ● Asia ex-Japan equities | 1.7 |

Currency allocation %

| | |
|-------------|------|
| ● Sterling | 76.9 |
| ● US dollar | 12.4 |
| ● Gold | 7.6 |
| ● Euro | 0.5 |
| ● Other | 2.6 |

Currency allocation



10 largest equity holdings*

| Stock | % of fund |
|-----------------------|-----------|
| Lloyds Banking Group | 2.9 |
| iShares Physical Gold | 2.5 |
| BP | 1.6 |
| Barclays | 1.6 |
| NatWest Group | 1.6 |
| Cigna | 1.5 |
| Kinross Gold | 1.3 |
| GlaxoSmithKline | 1.2 |
| BT | 1.2 |
| Centene | 1.1 |

5 largest bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury 3.75% 2021 | 4.1 |
| UK Treasury index-linked 0.125% 2068 | 3.7 |
| US Treasury 0.875% TIPS 2029 | 2.8 |
| UK Treasury index-linked 1.25% 2055 | 2.5 |
| US Treasury 0.25% TIPS 2029 | 2.4 |

*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 £3,811.7m

Fund information

| | % |
|--------------------------|---|
| Ongoing Charges Figure | 1.02 |
| Annual management charge | 1.00 |
| Maximum initial charge | 5.0 |
| Yield | 0.62 |
| 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 |

| | Accumulation | Income |
|-------|--------------|--------------|
| ISIN | GB00B03JB001 | 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

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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 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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