

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



During September the fund price fell by 3.4%. This compared with a fall of 2.7% in the FTSE All-Share Index and a gain of 1.2% in the FTSE Govt All-Stocks Index (both figures total returns in sterling).

September has rounded off what has been a difficult quarter for both the portfolio and risk assets in general. Indeed the third quarter proved to be the weakest period for stock markets for some years, with many suffering their worst declines since 2008, and the extent and distribution of the falls have hurt the portfolio. While we have avoided much of the damage in the commodity and emerging market areas the pain has been fairly universal and previously profitable positions such as the portfolio's Japanese equities have been hit particularly hard. Not only was Japan the best performing developed market by some distance in the first half of the year, prompting investors to lock in profits, but also its position as the most liquid market in Asia made it the easiest place to fund redemptions following concerns about the slowdown in China and subsequent market rout.

The portfolio's bond holdings provided only a limited offset to the stock market falls; duration did not provide the same benefits seen earlier this year as market participants focused on the prospect of the Fed raising rates in September. However, these could re-emerge as a powerful offset if the prospect of further stimulus increases. This view was reinforced by the inaction of Janet Yellen and the Federal Reserve in September. The US economy is performing well, unemployment is approaching 'natural' levels and the consumer is recovering strongly, however in postponing the much discussed first rate rise the Fed has shown itself to be in hock to financial markets. So whilst deflationary conditions persist the authorities are likely to remain in stimulatory mood, providing support to assets prices.

Option positions, specifically VIX (volatility) calls, delivered potent protection in August. While we took some profits in these positions we thought it unwise to sell them all in the event that the sell-off in markets accelerated. In fact volatility subsided from its highs and the value of these options fell back, weighing on performance in September.

It is not yet clear that the current market pessimism is entirely warranted but we are conscious that market falls can become self-feeding. Although recent developed market economic data has not been especially weak that is not a reason for complacency – the reaction of markets to the Federal Reserve's decision not to raise interest rates suggests further volatility ahead.

A trip to Japan two weeks ago let us re-test our views and provided reassurance, despite the recent weakness of our holdings. Indeed Japanese corporate profits are at all-time highs and what is already the most optimistic outlook among major markets is being revised up, not down. Sentiment on emerging markets and related areas such as commodities also now appears to be excessively negative, impacting equity markets in general and discounting a weaker environment than we see. Therefore we are maintaining our equity weighting and looking for opportunities to add to oversold positions.

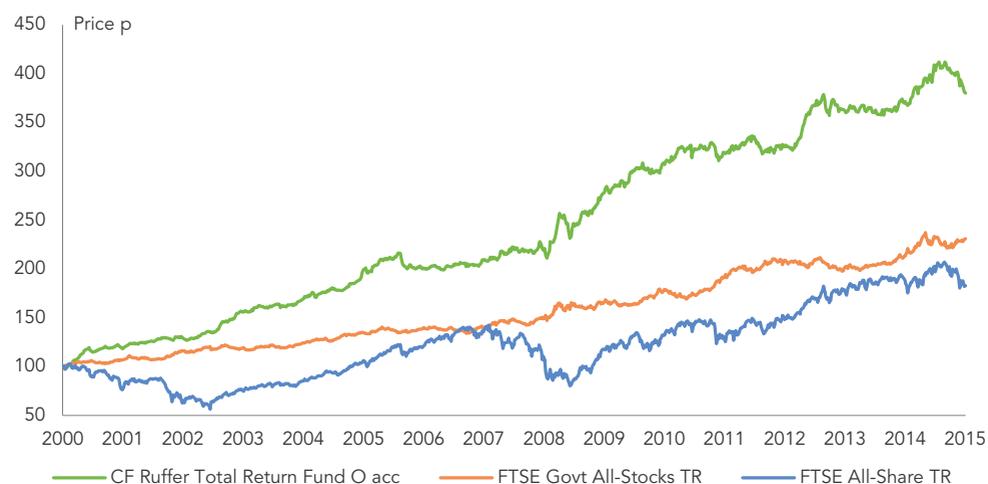
We are planning to hold a meeting for shareholders early next year. If you would like to attend please contact investorday@ruffer.co.uk.

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 CF Ruffer Investment Funds is a UK UCITS. The CF 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 CF 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 launch on 29 September 2000



Performance %	September 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-3.4	-1.7	2.3	19.0	23.8	87.7

Percentage growth (O acc)	%	Share price as at 30 September 2015	p
30 Sep 2014 – 30 Sep 2015	2.3	O accumulation	380.01
30 Sep 2013 – 30 Sep 2014	2.6	O income	263.40
30 Sep 2012 – 30 Sep 2013	11.1	C accumulation	383.64
30 Sep 2011 – 30 Sep 2012	2.0	C income	266.02
30 Sep 2010 – 30 Sep 2011	4.0		

Source: Ruffer LLP

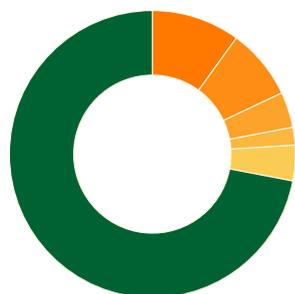
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Total Return Fund as at 30 September 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	19	● Japan equities	16
● Long-dated index-linked gilts	12	● UK equities	9
● Cash	9	● North America equities	9
● Index-linked gilts	9	● Europe equities	4
● Gold and gold equities	4	● Asia ex-Japan equities	3
● Options	1	● Illiquid strategies	5



Currency allocation	%
● Sterling	77
● Yen	7
● US dollar	7
● Gold	3
● Euro	2
● Other	4

5 largest of 19 bond holdings

Stock	% of fund
US TIPS 0.125% 2022	4.1
UK Treasury index-linked 1.875% 2022	4.0
UK Treasury index-linked 1.25% 2055	3.7
UK Treasury index-linked 0.125% 2024	3.4
US TIPS 1.25% 2020	3.1

5 largest of 97 equity holdings*

Stock	% of fund
Sumitomo Mitsui Financial	2.3
Mizuho Financial	2.2
Mitsubishi UFJ Financial	1.7
T&D	1.6
BP	1.5

Source: Ruffer LLP

*Excludes holdings in pooled funds

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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.

Fund size £2,942.5m

Fund information

%	O class	C class
Ongoing Charges Figure	1.53	1.23
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	1.32	1.32
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
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	
ISIN	GB0009684100 (acc) GB0009684878 (inc)	GB00B80L7V87 (acc) GB00B58BQH88 (inc)
SEDOL	0968410 (acc) 0968487 (inc)	B80L7V8 (acc) B58BQH8 (inc)
Investment adviser	Ruffer LLP	

ACD	Capita Financial Managers Limited	
Depository	BNY Mellon Trust & Depository (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

Enquiries

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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 30 September 2015, assets managed by the Ruffer Group exceeded £17.7bn, of which over £8.9bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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