

CF Ruffer Total Return Fund

Positive absolute returns with low volatility

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

During December the share price fell by 1.4%. This compared with falls of 1.3% in the FTSE All-Share Index and 1.0% in the FTSE Government All-Stocks Index (both figures being total returns in sterling).

December ended on a largely glum note for financial assets. While the US Federal Reserve proceeded with their largely expected rise in interest rates, there was acute disappointment that the European Central Bank did not expand its asset purchase programme, as many investors had hoped. The immediate upshot of this latter event was violent offsetting moves in eurozone equities (down), and the euro (up), thus providing a further worrying example of how crowded certain trades have become.

Several concerns led us during December to reduce our equity positions, which are now around their lowest levels since 2008. While the eurozone and indeed Japan might be sources of positive economic surprises, both areas being major beneficiaries from the collapse in oil prices, there remains a significant disconnection between investors and the Federal Reserve around the pace of US monetary tightening. At the same time continued low commodity prices could have negative spillover effects on the corporate credit market, an asset class not always notable for plentiful liquidity. Further afield, while the service sector in China is exhibiting signs of stability and even growth, manufacturing there continues to contract, generating fears of further devaluations of the Chinese currency. Away from economics, the lack of breadth and very narrow leadership in the US equity market may well be evidence of a mature stock market cycle. Stronger economic growth and positive economic surprises, which have been recent in short supply, are undeniably necessary conditions for any broadly-based rise in equity markets.

In fairness our central view is not to see 2016 as necessarily catastrophic for economic growth. However profits growth, particularly in the US, has decelerated sharply, and growth in US share buybacks, which has been a key driver in terms of market performance, has ground to a halt. The holy grail of wage inflation, desired by both workers and politicians of all hues, could well damage margins if it materialises, aiding labour at the expense of capital. Furthermore the fact that monetary stimulus appears exhausted in the US, and policy is indeed reversing, has led us for some while to the view that the rate of economic growth desired by politicians and necessary for debt reduction will require a greater role for fiscal policy, which might well raise inflationary expectations. In a sense we are seeing that already; Chancellor Osborne's latest sleight-of-hand around the UK budget deficit numbers fooled few, and the demands brought about by the migrant crisis in Europe will furnish a further excuse for fiscal slippage.

Markets are there to make fools of all forecasters, ourselves included, and the experience of recent years has certainly taught us to take nothing for granted. Having taken some more equity exposure off the table recently we are presently seeking to exercise the virtues of patience and watchfulness, content in the knowledge that should opportunities present themselves we have the resources to endeavour to profit from them.

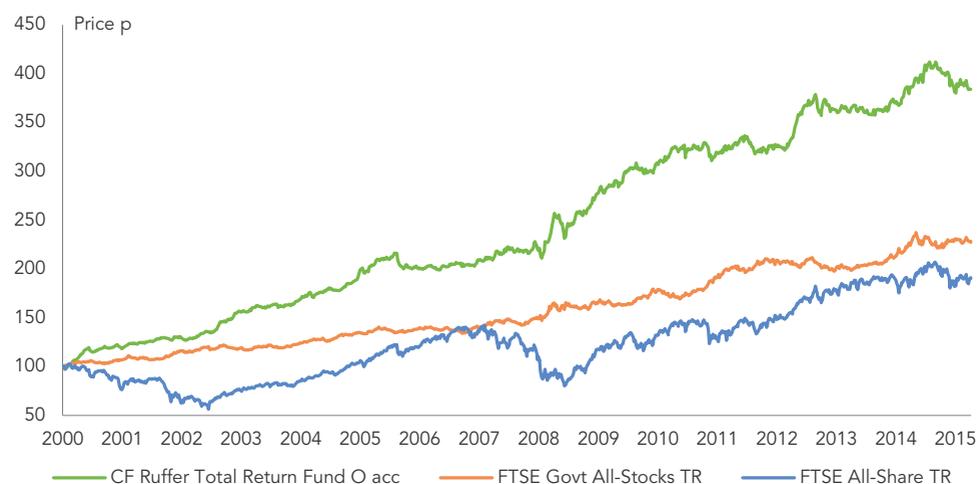
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Total Return Fund is not registered for distribution in any country other than the UK. In line 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 %	December 2015	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-1.4	-0.6	-0.6	14.9	18.7	85.5	
Percentage growth (O acc)	%		Share price as at 31 December 2015				p
31 Dec 2014 – 31 Dec 2015	-0.6		O accumulation		384.03		
31 Dec 2013 – 31 Dec 2014	5.7		O income		265.96		
31 Dec 2012 – 31 Dec 2013	9.3		C accumulation		388.00		
31 Dec 2011 – 31 Dec 2012	2.4		C income		268.83		
31 Dec 2010 – 31 Dec 2011	0.9						

Source: Ruffer LLP

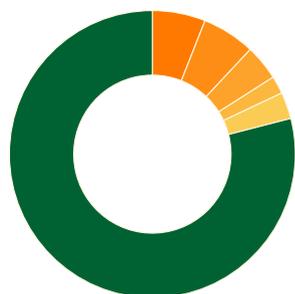
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Total Return Fund as at 31 December 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	19	● Japan equities	16
● Cash	13	● UK equities	9
● Long-dated index-linked gilts	12	● North America equities	8
● Index-linked gilts	9	● Asia ex-Japan equities	3
● Gold and gold equities	4	● Europe equities	2
		● Illiquid strategies	5



Currency allocation	%
● Sterling	79
● Yen	6
● US dollar	6
● Gold	4
● Euro	2
● Other	3

5 largest of 18 bond holdings

Stock	% of fund	Stock	% of fund
US TIPS 0.125% 2022	4.2	Mizuho Financial	2.2
UK Treasury index-linked 1.875% 2022	3.9	Mitsubishi UFJ Financial	2.1
UK Treasury index-linked 1.25% 2055	3.6	The Boeing Company	2.1
UK Treasury index-linked 0.125% 2024	3.3	Sumitomo Mitsui Financial	2.1
US TIPS 1.25% 2020	3.1	T&D	1.8

5 largest of 83 equity holdings*

Stock	% of fund
Mizuho Financial	2.2
Mitsubishi UFJ Financial	2.1
The Boeing Company	2.1
Sumitomo Mitsui Financial	2.1
T&D	1.8

Source: Ruffer LLP

*Excludes holdings in pooled funds

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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 £2,938.5m

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	1.39	1.39
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	
	O class	C class
ISIN	GB0009684100 (acc)	GB00B80L7V87 (acc)
	GB0009684878 (inc)	GB00B58BQH88 (inc)
SEDOL	0968410 (acc)	B80L7V8 (acc)
	0968487 (inc)	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

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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 December 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.3bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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