

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



January 2017 Issue 168

During January the fund price rose by 0.6%. This compares with a fall of 0.3% in the FTSE All-Share Index and a decline of 1.7% in the FTSE All-Stocks Index (both figures total returns in sterling).

2017 began with a blizzard of forecasts and global prognostications from analysts, strategists and others of the now derided class formerly known as 'experts'. Many of the same boffins who were confidently forecasting President Trump as a left tail event and a negative market shock just six months ago, are now equally confident in anticipating a mini-boom in GDP fired by his policies of deregulation and tax-cuts. Given the heat and noise of the political and moral debate, never has the Buffettism been truer that forecasts usually tell us more about the forecaster than the future.

Whilst investors have reacted positively over the last couple of months, we are reaching a point where the market may require proof of success before advancing much further. Accordingly, our principal activity in January was to cut back equity exposure, taking profits in a range of stocks including Wm. Morrison, Cairn Energy, Boeing and Emerson. This leaves us, we hope, going into 2017 with approximately the right balance between fear and greed in the portfolio. We hold index-linked bonds and some gold, to protect not only against inflation and negative real interest rates, but also to guard against surprise economic weakness, should Trump misfire. In the greed camp the equities are now turned toward cyclicals and financials, so as to benefit, should the current more positive growth environment bring with it the threat of higher interest rates.

Looking back to the events of last year, and their likely influence on markets in 2017, reminds us of a quotation from Vladimir Lenin: 'There are decades where nothing happens; and there are weeks where decades happen.' If one looks through a long enough lens, the period since 2009 feels like a single chapter in history. These post-crisis years were defined by a faltering sense of recovery, a dwindling of confidence in the competency and integrity of the establishment and surprisingly strong asset returns spurred on by super low interest rates. The latter point ensured that wealth and inter-generational inequality widened and dissatisfaction with the status quo surged. Asset owners benefited, and those whose only asset was their labour did not.

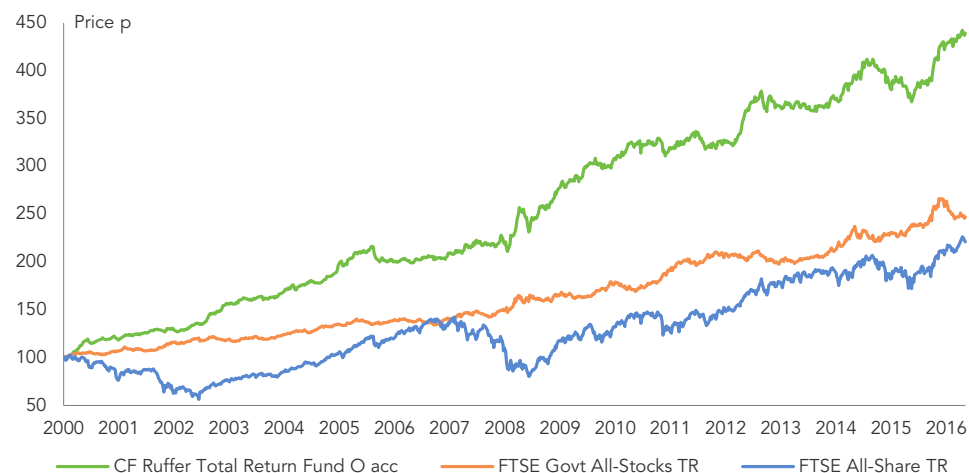
The second half of 2016 was the beginning of a new chapter and the longer electorates see rebellion not resulting in the threatened economic calamity, the more emboldened they will be to depose those in power. Markets are still (just) reacting positively to the policy proposals emerging from Washington. However, nationalism, de-globalisation and soaking the rich are hardly a positive environment for savers and investors. Asset prices have benefited from the Goldilocks scenario of moderate growth, benign inflation and unprecedentedly low interest rates. If inflation and growth improve then interest rates would have to rise, thereby tightening financial conditions. Counterintuitively, history tells us strong growth can be bad for the stock market when coupled with either higher inflation or higher interest rates. Investors should be careful what they wish for.

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



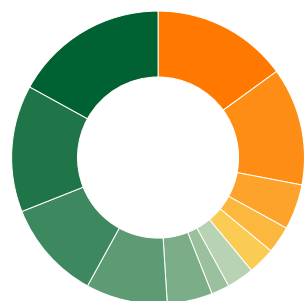
Performance %	January 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.6	0.6	16.9	21.3	34.1	120.5	
Percentage growth (O acc)	%		Share price as at 31 January 2017				p
31 Dec 2015 – 31 Dec 2016	13.7		O accumulation				439.41
31 Dec 2014 – 31 Dec 2015	-0.6		O income				300.20
31 Dec 2013 – 31 Dec 2014	5.7		C accumulation				445.42
31 Dec 2012 – 31 Dec 2013	9.3		C income				304.42
31 Dec 2011 – 31 Dec 2012	2.4						

Source: Ruffer LLP, FTSE International (FTSE)

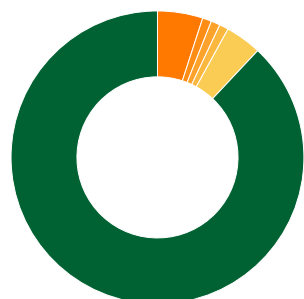
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Total Return Fund as at 31 January 2017

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	15
● Long-dated index-linked gilts	14	● UK equities	13
● Cash	11	● North America equities	5
● Index-linked gilts	9	● Europe equities	3
● Gold and gold equities	5	● Asia ex-Japan equities	3
● Options	2		
● Illiquid strategies	3		



Currency allocation	%
● Sterling	88
● Gold	5
● Euro	1
● Yen	1
● US dollar	1
● Other	4

5 largest of 16 bond holdings

Stock	% of fund	Stock	% of fund
US TIPS 0.125% 2022	4.8	Lloyds Banking	2.1
UK Treasury index-linked 1.875% 2022	3.9	Mitsubishi UFJ Financial	2.1
UK Treasury index-linked 1.25% 2055	3.9	T&D	2.0
UK Treasury index-linked 0.375% 2062	3.7	BP	1.9
US TIPS 1.25% 2020	3.6	Sumitomo Mitsui Financial	1.7

5 largest of 81 equity holdings*

Stock	% of fund
Lloyds Banking	2.1
Mitsubishi UFJ Financial	2.1
T&D	2.0
BP	1.9
Sumitomo Mitsui Financial	1.7

Source: Ruffer LLP

*Excludes holdings in pooled funds

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 £3,111.1m

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	1.29	1.29
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

Dealing line

0345 601 9610

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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 January 2017, assets managed by the Ruffer Group exceeded £20.8bn, of which over £11.6bn was managed in open-ended Ruffer funds.

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