

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



During June the fund price fell by 1.0%. This compares with a fall of 2.5% in the FTSE All-Share Index and a 2.0% fall in the FTSE All-Stocks Index (both figures total returns in sterling).

The month of June saw politics very much taking centre-stage, most obviously in the UK. Prime Minister May's failed attempt to increase her authority through a snap general election, and the resurgence of Jeremy Corbyn's new/old Labour party, may threaten a changing of the guard that is technically strictly local to these shores, but it is one that we believe could well have wider ramifications for investors. Putting to one side the uncertainty this has created both domestically and regarding Brexit negotiations, what we are witnessing in the UK is a shift towards more populist policies and away from austerity that seems likely to be echoed across the western democracies, albeit at differing speeds. The end result of this, it seems to us, will be inflation, as the only palatable way to address the debt and inequalities built up over recent decades.

Meanwhile in the theatre of monetary policy, until so recently star billing above mere politics, the leading players appeared to compete with each other this month in transmitting contradictory messages. In the UK and eurozone, where almost no change in interest rates had been imagined for the foreseeable future, uncertainty was suddenly priced in, the result being a sharp uptick in bond yields and interest rate expectations. This has not been a helpful background for our long-dated index-linked gilts, but it is something we had anticipated occurring. Accordingly we have prepared the portfolio to cope with the temporary setbacks and volatility that such 'noise' over interest rates may bring. So, whilst the index-linked bonds declined during the month, our small but potent interest rate options gained in value to offset this.

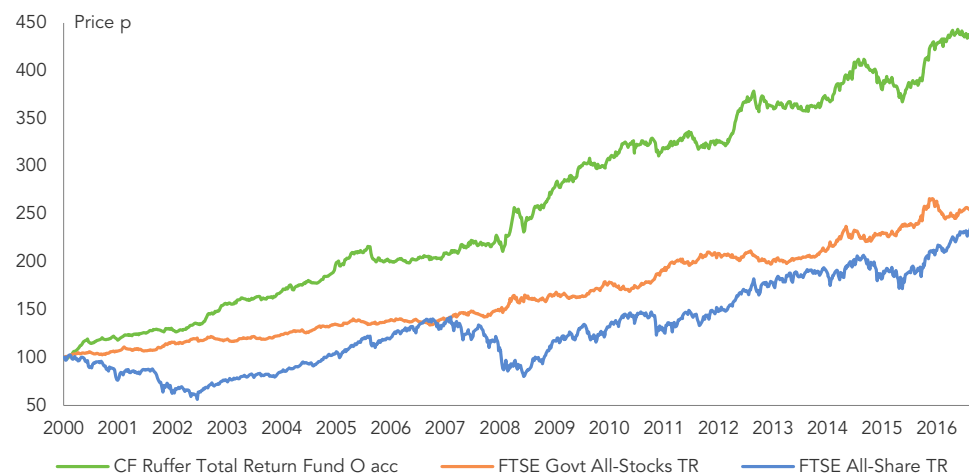
It is unlikely to have escaped notice that, after a strong performance in 2016 (when the fund made 13.7%), we have been doing a fair impression of marching on the spot so far this year. We are used to this, and whilst suitably apologetic over missing out on apparently easy gains in equities this year, do not regret our cautious stance. Following last year's brief flirtation with reflation, which saw bond yields rise and cyclical/value stocks making gains, this year investors have flocked back to the 'new normal' universe of bond-like equities (consumer staples) and growth (tech). Introducing uncertainty over interest rates, bond yields and inflation is to say the least unlikely to be supportive of either equities in general or these crowded trades in particular. Therefore we are content to remain somewhat on the sidelines for the time being, with equities restricted to around 40% of the portfolio and those equities biased towards value and cyclical stocks. It may just be anecdotal, but in a market where there are now more equity indices and ETFs (Exchange Traded Funds) than there are US stocks to populate them, and with many of these ETFs oriented to low volatility or bond-like strategies, we think being rather dull for a while may not be a sin.

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



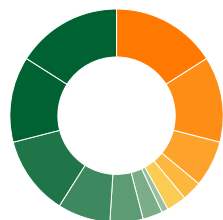
Performance %	June 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-1.0	-0.7	8.3	19.4	34.6	113.4	
Percentage growth (O acc)	%		Share price as at 30 June 2017				
30 Jun 2016 – 30 Jun 2017	8.3		O accumulation				433.57
30 Jun 2015 – 30 Jun 2016	-0.6		O income				294.21
30 Jun 2014 – 30 Jun 2015	10.9		C accumulation				439.99
30 Jun 2013 – 30 Jun 2014	0.1		C income				298.72
30 Jun 2012 – 30 Jun 2013	12.6						

Source: Ruffer LLP, FTSE International (FTSE)

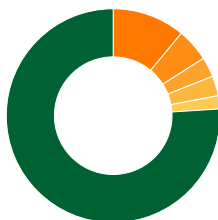
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Total Return Fund as at 30 June 2017

Asset allocation



Currency allocation



10 largest of 85 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.1
Mitsubishi UFJ Financial	2.0
T&D	1.9
BP	1.7
Sony	1.6
Sumitomo Mitsui Financial	1.6
Mizuho Financial	1.3
Dai-ichi Life Insurance	1.2
Oracle	1.1
McKesson	1.0

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	5.1
US TIPS 0.125% 2022	5.0
UK Treasury index-linked 0.125% 2024	4.7
UK Treasury index-linked 1.25% 2055	3.7
UK Treasury index-linked 0.375% 2062	3.6

*Excludes holdings in pooled funds
Source: Ruffer LLP

Asset allocation

	%
Non-UK index-linked	16
Long-dated index-linked gilts	13
Index-linked gilts	12
Cash	8
Gold and gold equities	5
Illiquid strategies	3
Options	1
Japan equities	16
UK equities	13
North America equities	7
Europe equities	3
Asia ex-Japan equities	3

Currency allocation

	%
Sterling	76
Yen	11
Gold	5
US dollar	3
Euro	3
Other	2

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 £3,206.8m

Fund information

	O class	C class
Ongoing Charges Figure	1.52	1.22
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	1.59	1.58
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) 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	

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. 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 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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