

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



The fund price declined by 0.9% during July, which compared with a rise of 1.2% in the FTSE All-Share Index and one of 0.3% in the FTSE All Stocks Index. Currency exposure of the fund was 74% in sterling, with 8% in the yen.

In contrast to much of the year so far, July was largely quiet on the political front. Combined with a further drift lower in bond yields, this relative calm helped ensure most risk assets finished the month on a firm footing. US equity markets ended the month at all-time highs and volatility (as measured by the VIX index) was at an all-time low. These two coincident data points, and the fact that much of the gain in equities has been driven by multiple expansion, either indicates that we are about to enter a new paradigm for economic (ie earnings) growth or complacency is rife. We fall unequivocally in the latter camp and remain sceptical that economic growth will be sufficient to support these valuations or pay down debts accrued within the global economy.

It is without question that asset prices are high across the spectrum; market participants are currently looking for investments that are less over-priced than others. Whilst this relative argument is not necessarily an indicator of an imminent end to the party (that is usually signposted by the fear of missing out), it does suggest that prospective returns are likely to be low in most asset classes over any sensible timeframe and investors are readily accepting greater risk than they would previously have done in order to generate adequate returns. Current growth rates are providing sufficient confidence to allow the Federal Reserve (and potentially the European Central Bank) to discuss reducing the size of its bloated balance sheet as we move through the year. It is difficult to judge what impact this will have on the market but historical precedents are not pretty. Given today's starting point, an element of circumspection is warranted. For this reason we retain our protective positions, both conventional and more esoteric. However, with evidence suggesting that global deflation remains in place, we continue to hold exposure to banks and other companies geared into improving economic activity should the inevitable inflection point prove to be some way off.

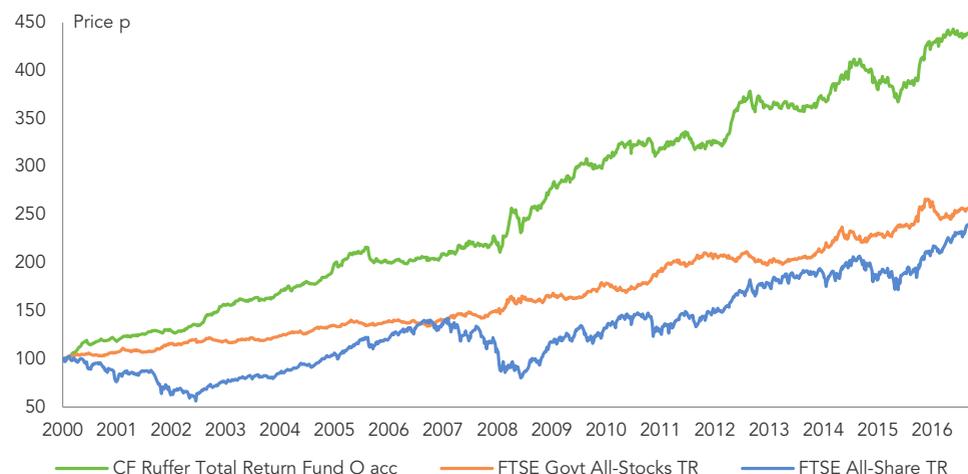
As described above, the previous certainty of central bank asset purchases will be called into question, suggesting that the pricing of both bonds and bond-like equities may not be underpinned. The sell-off in US technology stocks in June illustrated the danger of suppressed volatility and crowded trades. Closer to home, the previously much-loved tobacco sector fell sharply on pronouncements from the US Food and Drug Administration, providing a further reminder of these dangers, combined with stretched valuations, in the last few days of July. Whilst British American Tobacco offers a yield of 3.5%, this does not compensate holders if the capital value falls even marginally. This is not a forecast of an imminent collapse, merely a hint of the dangers that may come to pass.

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 %	July 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.9	-1.6	3.7	17.4	33.4	110.5

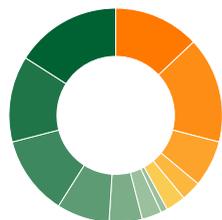
Percentage growth (O acc)	%	Share price as at 31 July 2017	p
30 Jun 2016 – 30 Jun 2017	8.3	O accumulation	429.79
30 Jun 2015 – 30 Jun 2016	-0.6	O income	291.64
30 Jun 2014 – 30 Jun 2015	10.9	C accumulation	436.26
30 Jun 2013 – 30 Jun 2014	0.1	C income	296.19
30 Jun 2012 – 30 Jun 2013	12.6		

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 31 July 2017

Asset allocation



Asset allocation

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
● UK equities	13
● Japan equities	16
● North America equities	7
● Europe equities	3
● Asia ex-Japan equities	3

Currency allocation

Currency allocation	%
● Sterling	74
● Yen	8
● US dollar	7
● Gold	5
● Euro	2
● Other	4

Currency allocation



10 largest of 87 equity holdings*

Stock	% of fund
Lloyds Banking Group	2.0
Sony	1.7
BP	1.7
Mitsubishi UFJ Financial	1.6
T&D	1.5
Sumitomo Mitsui Financial	1.5
Dai-ichi Life Insurance	1.1
Oracle	1.1
Vivendi	1.0
McKesson	1.0

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	5.0
US TIPS 0.125% 2022	4.9
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	3.5

*Excludes holdings in pooled funds
Source: Ruffer LLP

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 £3,224.1m

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	1.61	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 31 July 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.5bn was managed in open-ended Ruffer funds.

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