

# LF Ruffer Total Return Fund

Positive absolute returns with low volatility



During June, the fund price fell by 0.4%. This compared with a decline of 0.2% in the FTSE All-Share Index and fall of 0.6% in the FTSE Government All Stocks Index (all figures total returns in sterling).

June saw the fund give back a little of the gains made earlier in this quarter as the recovery from the February sell-off in global equity markets stalled in the face of several, mainly political, headwinds. President Trump's continued sabre rattling, or worse, on trade tariffs has begun to cause genuine concern for investors. Meanwhile, within the EU, the seemingly insoluble issue of immigration is forcing open cracks between member states and threatening the cohesion of individual governments. The result is that global equity markets are struggling to make headway this year, with emerging markets feeling the worst of the pain and now some 20% below their January highs.

If June itself was somewhat lacklustre in equity markets, the same cannot be said for the second quarter as a whole. Looking through the admittedly narrow lens of the UK market, domestic equities have risen almost 10% in the last three months, recouping the losses from Q1 and turning on its head the consensus view, mirrored in global investor surveys, that the UK market was one to avoid. It is certainly true that in the two years since the Brexit vote, the country has fallen from the top of the league of developed nations in terms of economic growth to the relegation zone. When investing in equities, however, there is almost always a price for everything, and UK stocks had simply become too cheap.

Recognising that for shares, price can always trump sentiment, we increased the fund's UK exposure and have reaped the benefits in the last quarter. Investments made in global businesses whose only sin was to be listed in the UK, but still attracted sizeable discounts to their overseas peers, have made double-digit returns, including BP, Shire, Royal Dutch Shell and GlaxoSmithKline. Meanwhile, even stocks more directly focused on the domestic economy, and worse still, consumer retail, can still deliver outsize gains if the price is in your favour and management capable. Step forward the fund's largest holding, Tesco, up 25% and rather more unusually, Ocado, almost doubling in the quarter.

This is where our approach of always investing in a balance of 'fear' and 'greed' in the portfolio comes into its own. We are certainly cautious, if not downright fearful over the outlook for almost all financial assets and this is reflected in a preponderance of protection assets (fear) in the portfolio such as index-linked bonds, gold and options on volatility and interest rates. These stand guard against a future that we believe will be anything but rosy. No matter how nervous we are, however, we will always retain some greed (equities) in the portfolio, both to make time our friend while awaiting the next crisis and to take advantage of any opportunities that should come our way. This year the opportunity turned out to be hiding in plain sight, right under our noses here in the UK. Even now, with global investor surveys still overwhelmingly negative on the domestic market, there could be more to come.

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that LF Ruffer Investment Funds is a UK UCITS. The LF 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 LF 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



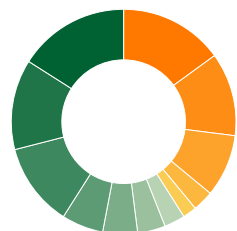
Performance %	June 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.4	-0.6	0.8	8.5	20.4	99.8
Percentage growth (O acc)	%		<b>Share price as at 29 June 2018</b>			
30 Jun 2017 – 30 Jun 2018	0.8		<b>O accumulation</b>		<b>436.90</b>	
30 Jun 2016 – 30 Jun 2017	8.3		<b>O income</b>		<b>292.13</b>	
30 Jun 2015 – 30 Jun 2016	-0.6		<b>C accumulation</b>		<b>444.72</b>	
30 Jun 2014 – 30 Jun 2015	10.9		<b>C income</b>		<b>297.52</b>	
30 Jun 2013 – 30 Jun 2014	0.1					

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.

# LF Ruffer Total Return Fund as at 29 June 2018

## Asset allocation



## Currency allocation



## 10 largest of 77 equity holdings\*

Stock	% of fund
Tesco	2.1
Mitsubishi UFJ Financial	2.0
Sony	1.9
Sumitomo Mitsui Financial	1.6
Walt Disney	1.5
ExxonMobil	1.5
Dai-ichi Life Insurance	1.5
Japan Post Holdings	1.4
Vivendi	1.4
T&D	1.3

## 5 largest of 15 bond holdings

Stock	% of fund
US TIPS 0.125% 2022	4.0
UK Treasury index-linked 1.875% 2022	3.9
UK Treasury index-linked 1.25% 2055	3.7
UK Treasury index-linked 0.375% 2062	3.6
US TIPS 1.25% 2020	3.2

\*Excludes holdings in pooled funds  
Source: Ruffer LLP

## Asset allocation

Asset Allocation Category	Percentage
Non-UK index-linked	16
Long-dated index-linked gilts	13
Cash	12
Index-linked gilts	6
Gold and gold equities	5
Illiquid strategies	4
Short-dated bonds	3
Japan equities	15
UK equities	12
North America equities	9
Europe equities	3
Asia ex-Japan equities	2

## Currency allocation

Currency Allocation Category	Percentage
Sterling	71
US dollar	16
Yen	5
Gold	5
Other	3

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 £3,260.6m

## Fund information

	O class	C class
Ongoing Charges Figure	1.55	1.25
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	1.43	1.44
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	Link Fund Solutions Limited	
Depository	The Bank of New York Mellon (International) Limited	
Auditors	Ernst & Young	
Structure	Sub-fund of LF 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 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

## Enquiries

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