

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



O class April 2020 Issue 208

During April, the fund price rose by 5.5%. This compared with a rise of 5.0% in the FTSE All-Share Index and an increase of 1.5% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

April was very much the yang to March's yin, with the US stock market moving from the fastest fall since the Great Depression (in March) to the largest monthly rise since 1987. Following the significant pivot in portfolio positioning in the second half of March the portfolio was able to capture much of the available upside (it is the fourth highest monthly return in the fund's 20 year history), whilst remaining appropriately defensively positioned.

Gold and gold mining equities (+2.7%) accounted for nearly half of the portfolio's return. We topped up this area in mid-March as various levered retail gold miner exchange-traded funds (ETFs) imploded, leaving attractive stock prices in their wake. The miners have rebounded strongly and indeed one of the names we added to, Newmont Corp, is the best performing company in the S&P 500 so far this year, handsomely outperforming the 'FANG' names (Facebook, Amazon, Netflix and Google) that are for now the market darlings. The next largest contributor was inflation-linked bonds (+2.0%), as long-dated bond yields continued to be squashed down by the largest central bank buying programmes ever seen, followed closely by the equity allocation as a whole (+2.0%). On the other side of the ledger were the unconventional portfolio protections (-1.0%): after we took significant profits in March, these provided a lesser headwind to performance.

Where next for markets? Liquidity argues for higher prices, while economic fundamentals argue for lower prices. On the one hand, the veritable torrent of monetary and fiscal stimulus squeezes stocks and bonds higher; on the other, all the money one saves by being locked at home represents all of someone else's lost revenues. For now the balance appears to be in favour of price appreciation; we would only caution that if markets run significantly higher, politicians and central bankers may be faced with the exceptionally toxic combination of both stock markets and unemployment at record highs, and it is likely that they will amend or withdraw accommodative market policy in favour of policies that benefit workers rather than corporates.

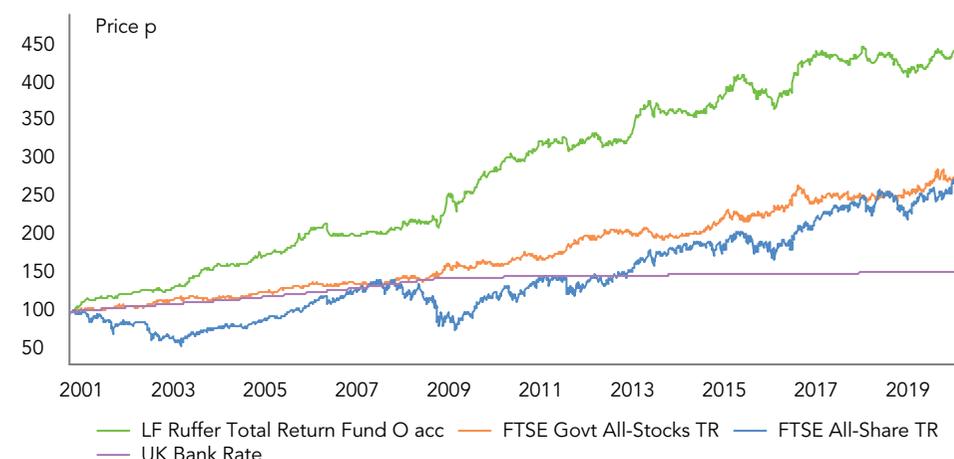
Reflecting this and other concerns, we have over the last six weeks added more yen to the protective armoury. A number of factors argue for yen appreciation – Japan's oil imports are now much cheaper, its low interest rates are no longer such a relative rarity, and the Bank of Japan will find it hard to surpass the stimulus efforts of others given how much of the Japanese government bond (JGB) market the Bank already owns, to name just three – and this appreciation would be turbo-charged if further distress or defaults were seen in the US corporate credit market, as Japanese investors repatriate their significant investments there. Worldwide, it is the currency that looks most like gold and is therefore deserving of a significant allocation.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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 fund launch on 29 September 2000



Performance %	April 2020	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	5.5	4.6	8.9	6.3	14.0	53.0
Percentage growth (O acc)	%		Share price as at 30 April 2020			
31 Mar 2019 – 31 Mar 2020	3.7		O accumulation			
31 Mar 2018 – 31 Mar 2019	-1.1		O income			
31 Mar 2017 – 31 Mar 2018	-1.7					
31 Mar 2016 – 31 Mar 2017	12.8					
31 Mar 2015 – 31 Mar 2016	-4.7					

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 30 Apr 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	22.9
Illiquid strategies and options	12.8
Long-dated index-linked gilts	10.9
Gold and gold equities	10.8
Short-dated bonds	6.7
Cash	5.0
Index-linked gilts	2.0

Currency allocation



Asset allocation	%
UK equities	10.2
Japan equities	7.2
North America equities	5.3
Europe equities	4.1
Asia ex-Japan equities	2.0

Currency allocation	%
Sterling	72.1
Gold	10.9
Yen	10.8
US dollar	2.9
Euro	0.1
Other	3.2

10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.6
Lloyds Banking Group	2.1
Newmont Mining	1.5
Kinross Gold	1.4
Wheaton Precious Metals	1.2
Tesco	1.1
Royal Bank of Scotland	1.0
Ocado	0.9
Mitsubishi Electric	0.9
Sony	0.9

5 largest of bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.3
US Treasury 0.25% TIPS 2050	4.1
UK Treasury 2.0% 2020	3.6
US Treasury 0.875% TIPS 2029	3.5
UK Treasury index-linked 1.5% 2021	3.1

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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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.

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Fund size **£3,230.4m**

Fund information

Ongoing Charges Figure	1.52
Annual management charge	1.50
Maximum initial charge	5.0
Yield	1.43
Minimum investment	£1,000
Ex dividend dates	15 Mar, 15 Sep
Pay dates	15 May, 15 Nov
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month
ISIN	Accumulation GB0009684100 Income GB0009684878
SEDOL	0968410 0968487
Investment adviser	Ruffer LLP
ACD	Link Fund Solutions Limited
Depository	The Bank of New York Mellon (International) Limited
Auditors	Ernst & Young LLP
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.



Matt Smith

INVESTMENT DIRECTOR
Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He was made a manager of the Total Return Fund in 2019.



Alexander Chartres

INVESTMENT DIRECTOR
Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He specialises in geopolitics and its investment implications, with a particular focus on European and Great Power politics.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 March 2020, assets managed by the Ruffer Group exceeded £19.1bn.

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