

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



During March, the fund price rose by 1.9%. This compared with a rise of 2.6% in the FTSE All-Share Index and an increase of 3.2% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

The defining feature in March has been the sharp falls in bond yields (prices up) across developed markets. Early in the month, the European Central Bank downgraded their forecasts for economic growth, which immediately sent German bunds towards zero for the first time since 2016. This move was further catalysed by the Federal Reserve, who completed their *volte-face* on interest rates in definitive fashion. As recently as September the Fed had forecast as many as four interest rate rises in 2019, but at their most recent meeting they implied they do not expect to raise rates again until 2020, while financial markets are now assuming the most likely next move is for rates to be cut. This shift is as close to confirmation that the words from Chairman Jerome Powell in the fourth quarter amounted to a significant error in communication, one requiring substantial efforts to correct. This backdrop of soothing actions and words from policy makers has given comfort to equity markets, which ended the month at the highs for the year. We continue to have just under 40% of the fund invested in equities, enabling us to capture a reasonable share of the returns, whilst continuing to hold protection should the market lose faith in the powers of central bankers.

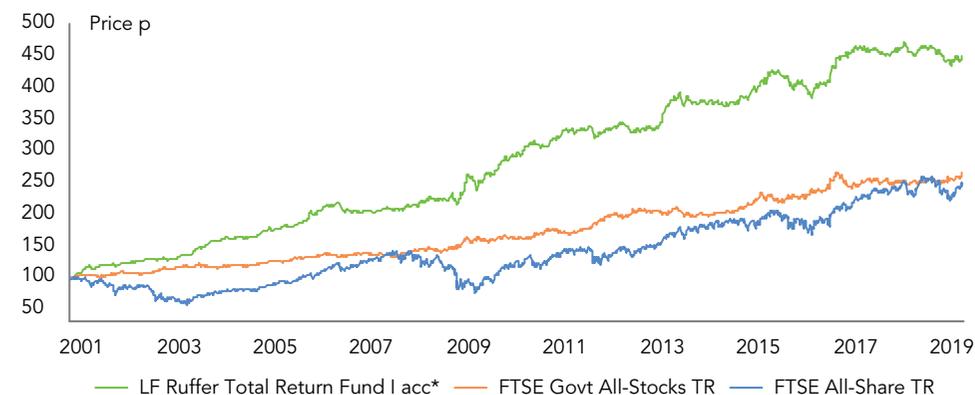
We have long-described a world where financial markets are too weak to tolerate higher interest rates. The events of 2018, and the most recent pronouncements from the Fed, have confirmed to all market participants this is correct. The patient continues to be reliant on the drugs, and the doctors are reluctant to see if they can cope without. The greater the market belief in policy makers the harder it is to control. Consider what will happen the next time the Fed seems cornered, facing a buoyant market with loose financial conditions and incipient inflationary pressure. The market, sensing the Fed may wish to tighten financial conditions, may well pre-empt Fed action and tighten financial conditions endogenously, ie equity and credit markets will fall sharply. The new additional risk is that if markets have been justified in their recessionary fears, then the Fed will have to act in dramatic fashion, they cannot risk a nine foot jump over a ten foot gap, they need a twelve foot jump. The threshold for this is substantial.

We have absolute conviction in our view that markets remain structurally fragile, for which we hold protection, whilst if the Fed have postponed the reckoning we have sufficient equities in the fund to enjoy the remaining sunshine.

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 %	March 2019	Year to date	1 year	3 years	5 years	10 years	
I accumulation shares	1.9	3.4	-0.6	11.4	19.9	79.9	
Percentage growth (I acc)	%		Share price as at 29 March 2019				p
31 Mar 2018 – 31 Mar 2019	-0.6		I accumulation				455.36
31 Mar 2017 – 31 Mar 2018	-1.2		I income				300.07
31 Mar 2016 – 31 Mar 2017	13.4						
31 Mar 2015 – 31 Mar 2016	-4.1						
31 Mar 2014 – 31 Mar 2015	12.3						

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 3 Nov 2004. This is based upon a simulated/extended track record, using the track record of LF Ruffer Total Return Fund O acc.

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.

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 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.

LF Ruffer Total Return Fund as at 29 Mar 2019

Asset allocation



Asset allocation	%
Long-dated index-linked gilts	15.3
Non-UK index-linked	13.9
Short-dated bonds	9.6
Gold and gold equities	7.7
Illiquid strategies and options	6.9
Cash	5.8
Index-linked gilts	2.0

North America equities	10.3
UK equities	10.1
Japan equities	8.7
Europe equities	6.1
Asia ex-Japan equities	3.4

Currency allocation	%
Sterling	73.8
Gold	7.9
US dollar	5.0
Yen	5.0
Euro	4.1
Other	4.3

Currency allocation



10 largest of 58 equity holdings*

Stock	% of fund
Walt Disney Company	2.3
Tesco	2.0
Vivendi	1.7
Lloyds Banking Group	1.6
ExxonMobil	1.6
Sumitomo Mitsui Financial Group	1.3
Cigna Corporation	1.3
Mitsubishi UFJ Financial	1.3
Ocado	1.2
DowDuPont	1.2

5 largest of 17 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.9
UK Treasury index-linked 1.25% 2055	4.2
US Treasury 1.75% TIPS 2019	3.3
US Treasury 2.0% TIPS 2020	3.2
US Treasury 1.375% TIPS 2019	3.2

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

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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 £3,467.1m

Fund information

Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	1.44
Minimum investment	£30m
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 GB00B03JB001 Income GB00B03J9Y05
SEDOL	B03JB00 B03J9Y0
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.



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 28 February 2019, assets managed by the Ruffer Group exceeded £21.0bn.

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