

CF Ruffer Total Return Fund

Positive absolute returns with low volatility



During April the fund price rose by 0.6%. This compared with a rise of 1.1% in the FTSE All-Share Index and a decline of 1.2% in the FTSE All-Stocks Index (both figures total returns in sterling).

We have previously remarked, only partly in jest, that in a world where zero interest rates (or even lower) are the norm, eventually the return on other financial assets might turn out to be zero too. Which may explain why so many previously successful hedge funds have thrown in the towel. It is of course too early to pass judgement on what might happen through the remainder of this year, but stock markets appear to be doing their best to adhere to this rather depressing roadmap. After earlier sharp falls most equity markets have made their way back to par, aided by either soothing words or inaction from central banks, but they show little enthusiasm for further gains.

Tempting as it is to declare premature vindication of the zero return hypothesis, a more likely explanation lies in investors' uncertainty as to whether we face the perceived failure or normalisation of monetary policy. Unfortunately neither path appears particularly attractive. If global growth is strong enough to bear higher interest rates (initially in the US) then dollar strength and rising discount rates may undermine short term prospects for equities. If monetary policy is seen to have failed, the progression to the likely next step, fiscal intervention, is fraught with dangers against which, in our view, only inflation-linked bonds stand sentry.

As we write, such issues appear to be playing out most clearly in Japan, where Bank of Japan Governor Kuroda must feel he cannot win, whichever way he turns. His imposition of negative interest rates earlier this year received a resounding thumbs down from markets, (equities down, yen up), so in response he sat on his hands in April, only to be greeted by the same negative reaction. This has tested our resolve on Japan, where we have given back some of our previous gains. However, we believe such perceived policy missteps will merely hasten the path to more fiscal intervention. This could perhaps come as soon as the G7 meeting hosted in Tokyo at the end of May and could be the catalyst for a recovery in a market that is both attractively valued and now shunned by overseas investors. So for now we are keeping our exposure to Japan largely intact, relieved that any setbacks there have been offset by gains in our index-linked bonds and gold.

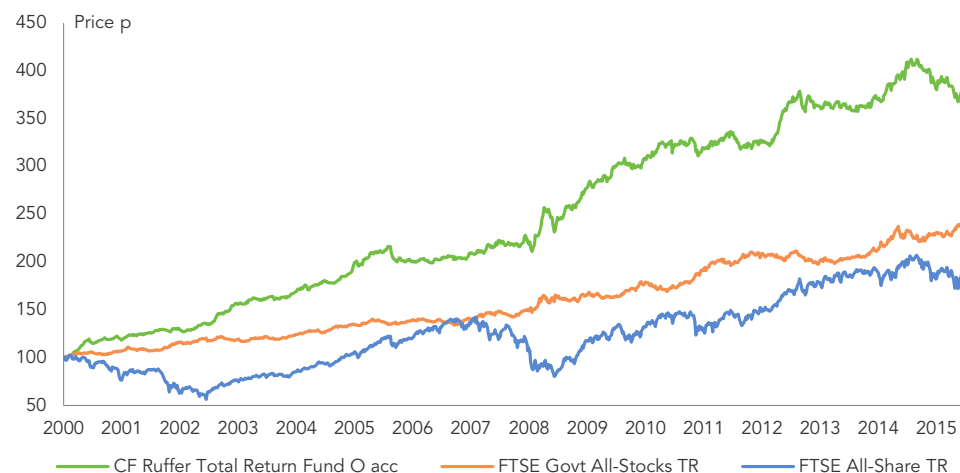
Meanwhile, it would be remiss of us not to pass some comment on the events playing out in the US presidential race. We will resist the lazy response of 'only in America', mindful of our own ability to confound in the forthcoming referendum. Instead we note that not only are zero interest rates far from a universal panacea for financial markets, but western electorates also seem remarkably resistant to their curative powers. People everywhere are quite angry and are looking for politicians and policies that reflect this mood. Such a move towards populism normally brings with it some unwelcome outcomes, but it also points towards a world less willing to rely on the benevolence of central banks and focused more on the direct intervention of elected governments in striving for either growth or inflation.

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



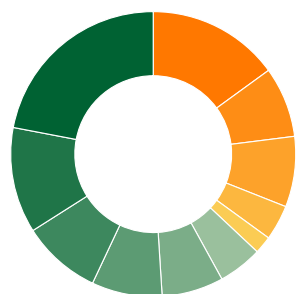
Performance %	April 2016	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.6	1.0	-4.4	4.6	19.9	80.0	
Percentage growth (O acc)	%		Share price as at 29 April 2016				p
31 Mar 2015 – 31 Mar 2016	-4.7		O accumulation				387.89
31 Mar 2014 – 31 Mar 2015	11.8		O income				267.40
31 Mar 2013 – 31 Mar 2014	-1.6		C accumulation				392.29
31 Mar 2012 – 31 Mar 2013	10.4		C income				270.54
31 Mar 2011 – 31 Mar 2012	3.1						

Source: Ruffer LLP

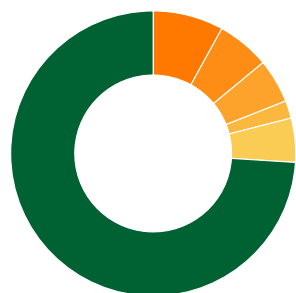
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Total Return Fund as at 29 April 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	22	● Japan equities	15
● Long-dated index-linked gilts	12	● UK equities	8
● Index-linked gilts	9	● North America equities	8
● Gold and gold equities	8	● Europe equities	4
● Cash	7	● Asia ex-Japan equities	2
● Illiquid strategies	5		



Currency allocation	%
● Sterling	74
● Gold	8
● Yen	6
● US dollar	5
● Euro	2
● Other	5

5 largest of 20 bond holdings

Stock	% of fund
US TIPS 0.125% 2022	4.4
UK Treasury index-linked 1.875% 2022	4.0
UK Treasury index-linked 1.25% 2055	3.7
UK Treasury index-linked 0.125% 2024	3.4
US TIPS 1.25% 2020	3.3

Source: Ruffer LLP

5 largest of 83 equity holdings*

Stock	% of fund
The Boeing Company	2.1
Sumitomo Mitsui Financial	2.0
BP	1.7
ExxonMobil	1.6
Mitsubishi UFJ Financial	1.5

*Excludes holdings in pooled funds

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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.

Fund size £2,924.5m

Fund information

%	O class	C class
Ongoing Charges Figure	1.53	1.23
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	1.37	1.37
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	
ISIN	GB0009684100 (acc)	GB00B80L7V87 (acc)
	GB0009684878 (inc)	GB00B58BQH88 (inc)
SEDOL	0968410 (acc)	B80L7V8 (acc)
	0968487 (inc)	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	

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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 April 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.5bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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