

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



C class August 2019 Issue 200

During August, the fund price rose by 1.8%. This compared with a fall of 3.6% in the FTSE All-Share Index and an increase of 3.5% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

With economic data deteriorating further, most notably in Germany and China, and no early end in sight to the US-China trade spat, August witnessed a further stage in the seemingly unstoppable bull market in government bonds. Negative yielding government debt hit a new record of \$17 trillion, and the yield on 30 year US government stock temporarily went below 2%. With gold's zero yield suddenly not so anomalous, the yellow metal's price rose 8% in US dollar terms, and thus in a month of generally falling equity markets, the portfolio's gold-related investments and inflation-linked bonds were the main contributors to August's positive return.

Where to next? Having cut interest rates by 0.25% at the end of July the US Federal Reserve's Jackson Hole symposium gave little incremental clue as to the future path of interest rates. While financial markets have been quick to price in further rate reductions, the continued robustness of the US consumer, buoyed by continued jobs growth and rising wages, shows clearly the Fed's dilemma, even before taking into account the sustained volley of uncomplimentary tweets from the White House. Elsewhere, a further driver to the narrative of falling yields has been hopes for another big monetary bazooka from the European Central Bank later in September.

Regular readers will be well aware of our view that come the next economic slowdown fiscal policy will have to share in the heavy lifting, and with the UK government's 'magic money tree' coming to resemble a veritable forest, the UK seems set to lead in this respect. With a snap election seemingly avoided in Italy then some fiscal relaxation there seems reasonable to expect. Even in Germany, should the economy worsen further, there is talk of higher government spending, especially if it can be executed under the cover of climate change or a green agenda. For us all of these roads lead to the risk of higher inflation.

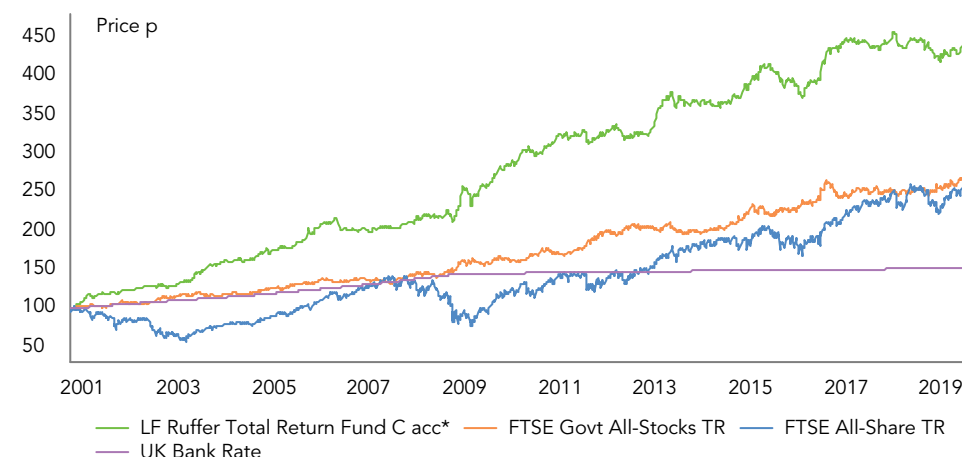
One final puzzle for us has been the continued robust performance of credit as an asset class. With all the talk of economic deceleration, let alone recession, one might have expected wobbles in credit as investors move to price in the risk of higher borrowing spreads or a default cycle. As yet however the credit market has paid much more attention to the story of lower rates than to that of lower activity. So far the poorly performing parts of the credit sphere remain idiosyncratic, but we suspect it is only a matter of time before concerns spread, and the portfolio's credit protections have their moment.

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.

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 %	August 2019	Year to date	1 year	3 years	5 years	10 years
C accumulation shares	1.8	9.0	2.8	4.7	21.7	67.1
Percentage growth (C acc)	%		Share price as at 30 August 2019			
30 Jun 2018 – 30 Jun 2019	-1.5		C income			
30 Jun 2017 – 30 Jun 2018	1.1		C accumulation			
30 Jun 2016 – 30 Jun 2017	8.6					
30 Jun 2015 – 30 Jun 2016	-0.3					
30 Jun 2014 – 30 Jun 2015	11.2					

Source: Ruffer LLP, FTSE International (FTSE)†. * This share class has performance data calculated prior to the inception date, 12 Sept 2012. 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.

LF Ruffer Total Return Fund as at 30 Aug 2019

Asset allocation



Asset allocation %

● Long-dated index-linked gilts	16.7
● Non-UK index-linked	14.2
● Cash	8.7
● Gold and gold equities	8.3
● Illiquid strategies and options	7.1
● Short-dated bonds	6.8
● Index-linked gilts	1.9
● North America equities	10.9
● Japan equities	9.9
● UK equities	8.4
● Europe equities	4.2
● Asia ex-Japan equities	2.9

Currency allocation %

● Sterling	73.7
● Yen	8.9
● Gold	8.5
● US dollar	2.9
● Euro	2.3
● Other	3.7

Currency allocation



10 largest of 60 equity holdings*

Stock	% of fund
Walt Disney Company	2.5
Tesco	1.8
ExxonMobil	1.5
Vivendi	1.5
Sony	1.4
BP	1.2
Amgen Inc	1.2
Mitsubishi Electric	1.1
Wheaton Precious Metals	1.1
Kinross Gold	1.0

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	5.5
UK Treasury index-linked 1.25% 2055	4.5
US Treasury TIPS 1.25% 2020	4.4
US Treasury 1.75% TIPS 2019	3.5
US Treasury 2.0% TIPS 2020	3.3

*Excludes holdings in pooled funds

Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size **£3,342.3m**

Fund information

Ongoing Charges Figure	1.22
Annual management charge	1.20
Maximum initial charge	5.0
Yield	1.37
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 GB00B80L7V87 Income GB00B58BQH88
SEDOL	B80L7V8 B58BQH8
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

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 31 July 2019, assets managed by the Ruffer Group exceeded £20.8bn.

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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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