

LF Ruffer Total Return Fund

Positive absolute returns with low volatility



C class September 2020 Issue 213

During September the fund price rose by 0.4%. This compares with a fall of 1.7% in the FTSE All-Share Index and a rise of 1.0% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

As is often the case, September heralded a distinct change in tone in markets. Global equities registered only their second negative month since March, but our offsets worked as we hoped. Index-linked bonds and foreign currency exposure more than countered the fall in equities. The reversal in markets was triggered by risks that have been bubbling under the surface yet were ignored during the frothy days of August. The US remains at an impasse on further stimulus and partisan issues moved up the agenda with the presidential election now in plain sight. In Europe covid cases are increasing again, while Brexit brinkmanship has returned with a vengeance. If the Brexit discourse is a re-run of last year and a deal can be agreed, our domestic UK stocks will do well at a time when index-linked gilts may be under pressure – another example of trying to be not wrong rather than precisely right.

Japan stuck out in September not just because it was one of the few equity markets that registered a positive return but because it did so at a time of political change. The relatively seamless transition from Shinzo Abe to Yoshihide Suga, formerly his chief cabinet secretary, was in stark contrast to the political ructions elsewhere. Suga has vowed to re-energise the third arrow of Abenomics: structural reforms. While this may not be shock and awe for investors, the effects may be meaningful. We have written previously how rock solid balance sheets and high cash balances in Japanese companies have meant that they are ideally placed to ride through the events of this year. Compare this with the dividend cuts and capital raising seen closer to home.

Looking ahead there are clear uncertainties with the US election, Brexit negotiations and, of course, the path of the virus. We need to tread a fine line between capturing opportunities for growth and keeping the portfolio protected in distorted markets, but the results so far are encouraging, and we are starting to focus on what the world might look like in 2021.

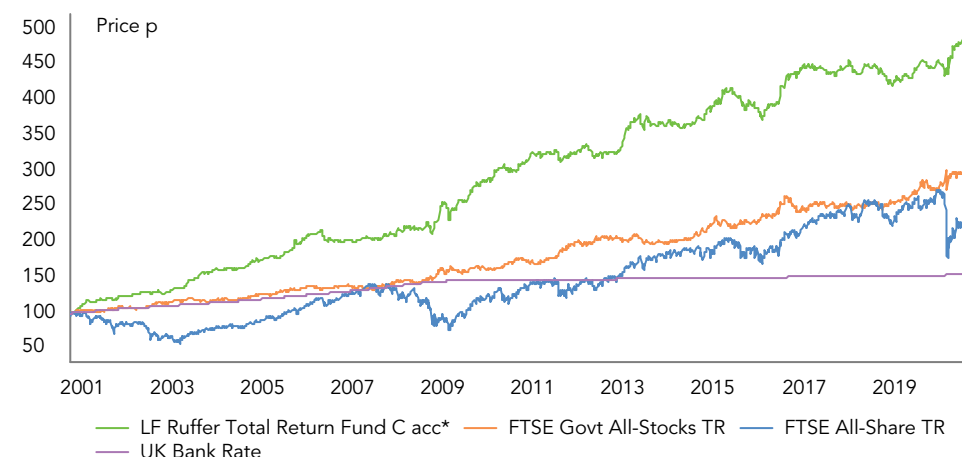
This month marked the 20th anniversary of the LF Ruffer Total Return Fund. Since it was founded in September 2000 the fund has delivered on its two core aims – not losing money in periods of market distress and generating a decent return for its investors. We preserved our clients' capital in the three major market disruptions of the last 20 years and at the same time delivered compound annual growth of 8% (after fees), well in excess of the UK stock market. This means that £100 invested at launch would now be worth about £480. A lot has changed over the last 20 years, and the future today looks especially uncertain. What has not changed is the way we manage the fund, holding both investments in 'fear' to protect against difficult markets and investments in 'greed' to capture available opportunities. We hope this approach will continue to deliver for our investors over the next twenty years, whatever they may bring.

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 %	September 2020	Year to date	1 year	3 years	5 years	10 years
C accumulation shares		0.4	6.6	7.3	10.8	57.3
Percentage growth (C acc)		%	Share price as at 30 September 2020			
30 Sep 2019 – 30 Sep 2020		7.3	C income			
30 Sep 2018 – 30 Sep 2019		1.7	C accumulation			
30 Sep 2017 – 30 Sep 2018		1.6				
30 Sep 2016 – 30 Sep 2017		0.3				
30 Sep 2015 – 30 Sep 2016		13.2				

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 Sep 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	22.9
Long-dated index-linked gilts	11.1
Short-dated bonds	9.9
Illiquid strategies and options	9.8
Gold and gold equities	9.0
Cash	5.6
Index-linked gilts	1.9

Currency allocation



Currency allocation	%
Sterling	78.0
Gold	9.0
US dollar	8.2
Yen	2.0
Euro	0.3
Other	2.6

10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.0
Lloyds Banking Group	2.0
Kinross Gold	1.7
NatWest Group	0.9
Carrefour	0.8
VINCI SA	0.8
Tesco	0.8
Gold Fields	0.7
Barclays PLC	0.7
American Express	0.7

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.5
US Treasury FRN Oct 2021	3.5
US Treasury 0.875% TIPS 2029	3.4
UK Treasury index-linked 1.25% 2055	3.1
UK Treasury 1.5% 2021	3.0

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

Fund size £3,341.1m

Fund information

Ongoing Charges Figure	1.22
Annual management charge	1.20
Maximum initial charge	5.0
Yield	0.87
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

Enquiries

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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.



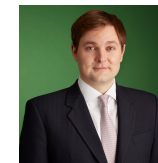
Matt Smith

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.



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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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