

LF Ruffer Total Return Fund

Positive absolute returns with low volatility

During August, the fund price rose by 1.6%. This compared with a return on the UK Bank Rate of 0.1%

August commenced with markets continuing to bask in the summer sun, as a softer than expected inflation release fed the narrative that the US economy was passing peak inflation with no signs of weakness in the labour market. This was the ‘goldilocks’ style environment many investors were longing for, but it appears incompatible with the likely path of monetary policy. We felt this rally would ultimately be self-defeating since rising equity prices (among other measures) are catalysts for looser financial conditions – the very opposite of the tightening the Federal Reserve hopes to enforce on the economy. The party pooper on this occasion was Federal Reserve Chair Jerome Powell, speaking at the annual Jackson Hole economic symposium. In contrast to recent communications, which had given some the hope the Fed was reaching for the pause button, Powell left little doubt they remain resolute in the battle to combat the current period of high inflation. One regional Fed president even noted his satisfaction with the equity market’s negative response to Powell’s speech – oh, how times have changed!

For investors, this amounted to another difficult month in an already challenging year. Developed market equities fell, whilst bond markets suffered as yields rose sharply. Yield rises were most pronounced in Europe as expectations responded to the advancing energy price crisis and the likelihood of further interest rate rises. Despite the expected rise in inflation, which some forecasters estimate will exceed 20% in the UK, longer term inflation expectations remain anchored to historic averages, creating a headwind for the fund’s long-dated, index-linked gilts. Despite this backdrop, the fund delivered a positive return led by notable contributions from interest rate payer swaptions, which benefit from rising yields, and our other less conventional protective assets. The fund’s equity exposure fared better than wider indices in part due to our tilt towards energy, with BP rising by 10% over the month.

In a world where interest rates are rising and liquidity is being drained from the financial system (the pace of quantitative tightening in the US is doubling from September), our focus is firmly on our primary investment objective of capital preservation. Following a decade where the investment mantra was best summarised by TINA (There is No Alternative) as those seeking returns were forced to absorb ever more risk, investors are now offered a genuine alternative in the form of higher short-term interest rates on cash. We are concerned this will be the catalyst for a reduction in allocations to risk assets, with few areas of safety. Therefore we now have a low weighting to equities, both in absolute terms and relative to our 27 year history, and have bolstered our unconventional protections to defend the portfolio should financial markets fall further. This should not be viewed as a low conviction portfolio, rather one that is well placed to protect from potential turbulence ahead.

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.

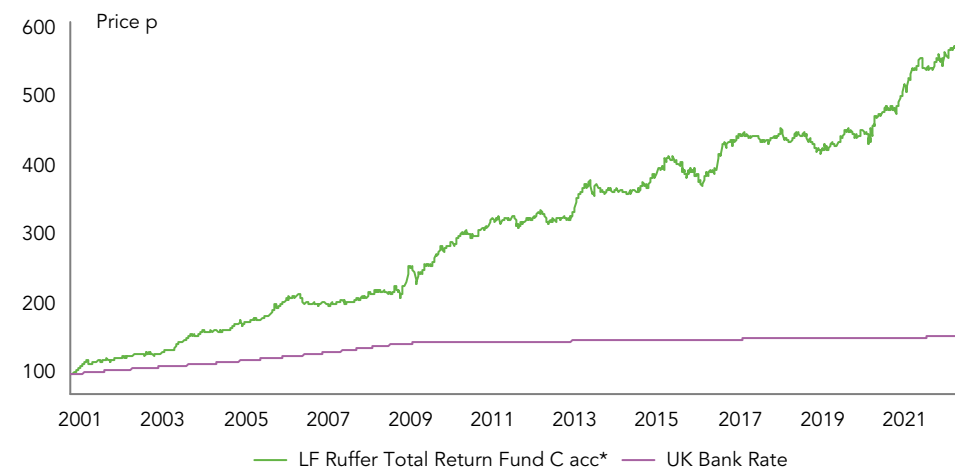


C class August 2022 Issue 236

Investment objective

To seek to achieve positive returns in all market conditions over any 12 month period, after all costs and charges have been taken. Underlying this objective is a fundamental philosophy of capital preservation. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any twelve-month period.

Performance since fund launch on 29 September 2000



C accumulation shares	Performance %	Share price as at 31 August 2022	p
August 2022	1.6	C income	349.26
Year to date	0.0	C accumulation	551.29
1 year	1.4		
3 years	21.1		
5 years	26.0		
10 years	70.2		

12 month performance to June %	2018	2019	2020	2021	2022
LF Ruffer Total Return Fund C acc*	1.1	-1.5	9.0	13.8	0.5
UK Bank Rate	0.4	0.7	0.6	0.1	0.4

Source: Ruffer LLP * 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.

LF Ruffer Total Return Fund as at 31 Aug 2022

Asset allocation



Asset allocation %

Short-dated bonds	43.1
Non-UK index-linked	11.7
Cash	9.1
Index-linked gilts	8.6
Long-dated index-linked gilts	6.8
Protection strategies and options	3.2
Gold exposure and gold equities	1.6
UK equities	5.9
North America equities	4.2
Europe equities	3.6
Japan equities	1.5
Asia ex-Japan equities	0.1
Other equities	0.7

Currency allocation



Currency allocation %

Sterling	63.5
US dollar	10.8
Yen	10.1
Australian dollar	7.3
Euro	4.1
Other	4.2

10 largest equity holdings*

Stock	% of fund
BP ADR	1.7
Hertz	0.8
Ambev SA	0.7
BP	0.6
Bayer	0.5
Deutsche Post	0.4
Mitsubishi UFJ Financial Group	0.4
NEC	0.4
Federated Hermes Inc Class B	0.3
Man Group	0.3

5 largest bond holdings

Stock	% of fund
US Treasury FRN 2024	9.1
US Treasury FRN 2023	9.1
US Treasury FRN 2023	7.7
US Treasury 0.125% TIPS 2023	7.0
UK Treasury index-linked 2.5% 2024	5.1

*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.

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.

Fund size £3,566.5m

Fund information

	%
Ongoing Charges Figure	1.22
Annual management charge	1.20
Maximum initial charge	5.0
Yield	1.83
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	Income
	GB00B80L7V87	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

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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

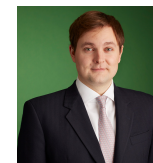
Joined Ruffer in 2011 after graduating from the University of Edinburgh with a first class honours degree in history and German. He spent 2015 seconded to Ruffer's Hong Kong office, and is a fellow of the Chartered Institute for Securities & Investment. He co-manages two of Ruffer's flagship funds.



Alexander Chartres

INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He is a member of the Chartered Institute for Securities & Investment and he co-manages two of Ruffer's flagship funds.



Ruffer LLP

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