

LF Ruffer Total Return Fund

Positive absolute returns with low volatility

During May the fund price rose by 1.9%. This compares with a rise of 1.1% in the FTSE All-Share Index and a rise of 0.4% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

It was a month where the market dynamics were driven by inflation. The US saw the largest monthly jump in core CPI since 1981 and this pushed up inflation expectations. The result was a fall in the dollar and rising prices in many financial assets especially commodities such as copper and gold.

The portfolio was a beneficiary of this, with gold the largest contributor to returns (+0.8%). Bank shares were also a significant contributor (+0.7%), including a new holding in UniCredit (more detail below). May saw the unusual situation of both falling bond yields (so rising bond prices) and rising share prices of financials. This is an odd dynamic that likely reflects both a secular drive by investors to top up underweight positions in financials and a tempering of the strong rise in bond yields seen in the first quarter of 2021.

On the negative side of the ledger were the protective options (-0.4%), which declined as rates fell back and equity markets pushed on. The most spectacular fall in market prices was seen in the cryptocurrency ecosystem, with bitcoin falling by around 35%. The fund's exposure to bitcoin, bought in November, was sold down entirely in early April before the sell-off.

The bitcoin exposure was put into the fund as a defensive investment, to add diversification to our inflation hedges. Its strong rise thereafter reflected increased institutional and retail interest, and as it hit all-time highs in April we judged its asymmetry to be much lower (and importantly the threat to gold to be lower too). With more attractive risk-adjusted positions elsewhere in the market we sold the remaining exposure.

We have been adding to European equities. We believe Europe will soon receive the torch in the global economic growth relay that began with China powering ahead last year. The US is currently the fastest runner, something reflected in US equity outperformance, but as lockdowns end Europe is very much on the move and will soon take the torch from the US. This spurt of growth should see eurozone bond yields rise, a stronger euro and weaker dollar and strong performance from European financials. On top of this, the arrival of the fiscal cavalry in the shape of the European Recovery Fund should disproportionately benefit Italy. UniCredit is our preferred expression of this, with the tailwind of domestic banking consolidation an additional spur.

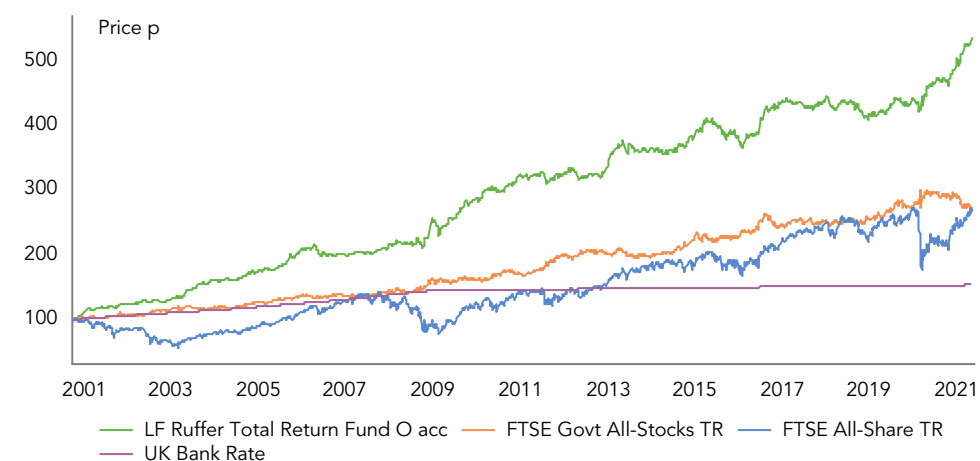


O class May 2021 Issue 221

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



O accumulation shares	Performance %	Share price as at 28 May 2021	p
May 2021	1.9	O accumulation	539.59
Year to date	9.3	O income	347.92
1 year	15.9		
3 years	23.0		
5 years	39.3		
10 years	66.2		

12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer Total Return Fund O acc	12.8	-1.7	-1.1	3.7	19.9
FTSE Govt All-Stocks TR	6.6	0.5	3.7	9.9	-5.5
FTSE All-Share TR	22.0	1.2	6.4	-18.5	26.7
UK Bank Rate	0.3	0.4	0.7	0.7	0.1

Source: Ruffer LLP, FTSE International (FTSE) †

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 28 May 2021

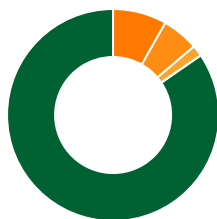
Asset allocation



Asset allocation	%
Short-dated bonds	14.1
Long-dated index-linked gilts	10.8
Non-UK index-linked	9.1
Illiquid strategies and options	8.8
Gold and gold equities	8.1
Cash	6.4
Index-linked gilts	1.6
UK equities	17.1
North America equities	8.7
Europe equities	7.2
Japan equities	6.5
Asia ex-Japan equities	1.6

Currency allocation	%
Sterling	84.5
Gold	8.2
Euro	5.6
US dollar	0.1
Other	1.6

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	3.1
iShares Physical Gold	2.6
NatWest Group	1.7
BP	1.6
UniCredit	1.5
Kinross Gold	1.5
Cigna	1.2
GlaxoSmithKline	1.2
Centene	1.1
Ambev SA	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury 3.75% 2021	3.8
UK Treasury index-linked 0.125% 2068	3.7
UK Treasury 0.125% 2023	3.7
US Treasury FRN Oct 2021	3.5
UK Treasury index-linked 1.25% 2055	2.4

*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 £4,066.8m

Fund information

Ongoing Charges Figure	1.52
Annual management charge	1.50
Maximum initial charge	5.0
Yield	0.60
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

	Accumulation	Income
ISIN	GB0009684100	GB0009684878
SEDOL	0968410	0968487

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.



Matt Smith

INVESTMENT DIRECTOR

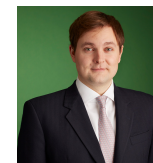
Joined Ruffer in 2011 after graduating from Edinburgh University with a first class honours degree in history and German. He worked as an equity analyst in Hong Kong before taking up a role in Ruffer's institutional investment team. He was made a manager of the Total Return Fund in 2019.



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.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 April 2021, assets managed by the Ruffer Group exceeded £22.4bn.

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