



CF RUFFER TOTAL RETURN FUND

Positive absolute returns with low volatility

JANUARY 2010

ISSUE 84

Share price as at 31 Jan 2010

'O' accumulation shares

284.13p

Share price as at 31 Jan 2010

'O' income shares

222.37p

Launch price as at 29 Sep 2000

100.00p

Percentage growth

31 Dec 2008 – 31 Dec 2009	10.8%
31 Dec 2007 – 31 Dec 2008	20.8%
31 Dec 2006 – 31 Dec 2007	5.6%
31 Dec 2005 – 31 Dec 2006	-2.7%
31 Dec 2004 – 31 Dec 2005	18.4%

Source: Ruffer LLP

Sector ranking (Cautious Managed)

Position/No. of funds

1 year	110/140
3 years	1/92
5 years	1/57

Source: Lipper, S&P

Investment adviser Ruffer LLP

ACD Capita Financial Managers Limited

Depository The Bank of New York Trust & Depository Company Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of CF Ruffer Investment Funds (OEIC)
UK domiciled UCITS III
Eligible for ISAs

Share classes Accumulation and Income

Distribution yield 2.22%

Total Expense Ratio 1.55%

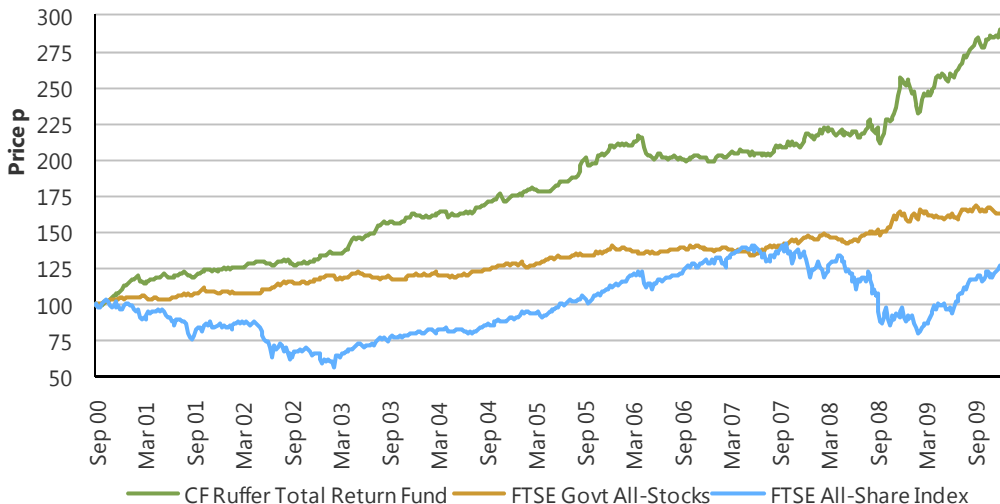
Benchmark (performance comparator) FTSE All-Share
FTSE Govt All-Stocks

IMA classification Cautious Managed

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. Pervading this objective is a fundamental philosophy of capital preservation.

Performance since inception



Source: Ruffer LLP

Monthly review

During January, the Fund price fell by 0.2%. This compared with a decline of 3.6% in the FTSE All-Share Index, and a gain of 0.7% in the FTSE All-Stocks Index, (both figures total returns in sterling). Currency exposure at the end of the month was just under 50% in sterling with about 14% in the yen and 26% in the US dollar.

After the strong recovery in equities seen in 2009, this year always looked set to be a more trying period for investors and January has duly started the year with a rather nervous tone. The broad risk asset rally last year was more the result of excess liquidity in financial markets, stemming almost entirely from extraordinary levels of fiscal and monetary stimulus, rather than any real sense of a sustainable economic recovery – and as such leaves markets vulnerable to any concerns over potential exit strategies from these stimuli.

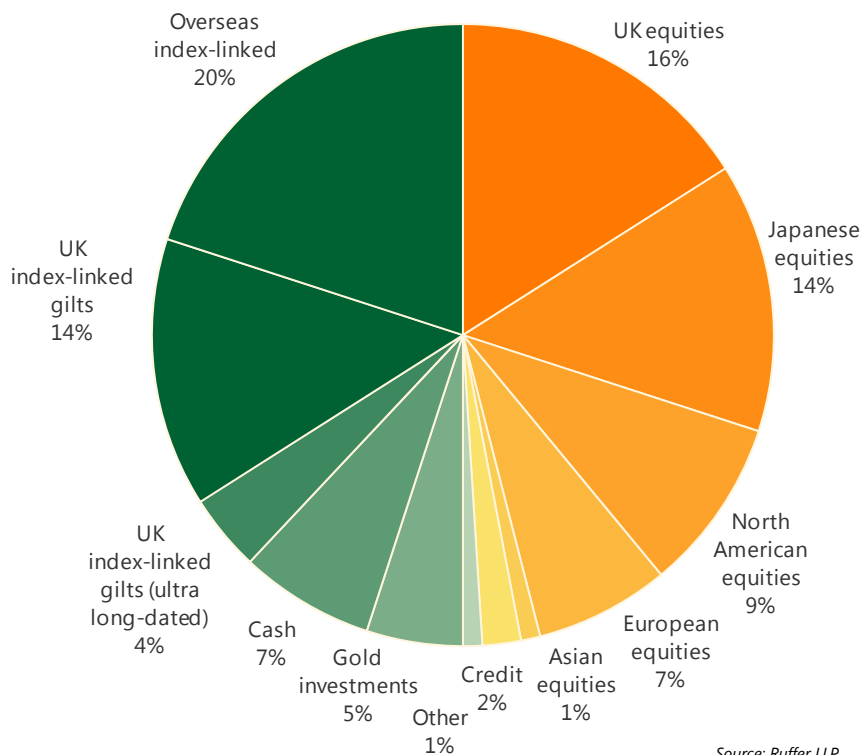
This month the concerns focused on China gently applying the brakes to its massive surge in bank lending, further unsettling developments in Greece and Paul Volker's ostensibly sensible attempts to rein in the power and scope of the big banks. The result was a small decline across most equity markets, whilst the more exuberant markets from last year, such as China, suffered larger setbacks. The jitters over the fiscal position in Greece and the Volker proposals are likely to be only the opening acts of dramas that are set for a prolonged run in 2010. The consequences of raiding government balance sheets to bail out the financial system can be seen first in the smaller and most profligate of nations, but given that most of these balance sheets had practically no savings to start with, are unlikely to be restricted to just Greece and the other so called 'PIGS'. Meanwhile it was always fanciful to suppose that just because the banks escaped significant censure last year, when they were still in intensive care, they would escape from this debacle scot free.

So we start 2010 with a nervous disposition, inclined more to check our defences than to scan the horizon for bright new opportunities. In 2008, we made remarkably good returns in difficult markets, last year we were pleased to deliver reasonable gains in easy markets, given how many of the survivors from 2008 missed the change in the market's mood. This year our antennae fairly buzz at the risks we can detect, none of them necessarily that large, but all sufficient to dent the returns of the unwary.

We believe the outcome of this crisis, and those of the preceding decade that appeared to have been largely avoided, will be inflationary as the value of money is seen to have been diminished. This will put severe strain on the remaining savers who will be invited to bear much of the burden of the leverage mania. To guard against this we have our holdings in index-linked bonds, which were just fine in January, but are, we believe, destined for a far greater role at some future date.

As for the more immediate future; we have increased our US dollar exposure as a protection against correlated falls in those same risk assets that did so well in 2009 and have cut back on our gold investments – forever the victim of the 'wrong sort of investors'. Equity exposure has been scaled back somewhat, but not at the expense of Japan where we have continued to find enticing opportunities and the one area within our equity holdings that made gains last month – a relief after the disappointments of 2009. Mindful of events in Greece, and the lack of any protective currency block, we have pared further our sterling exposure which now stands at a smidge under 50%. Questions over whether the UK might default on its debts seem to miss the point to us: why default when you have control over your own printing presses? Instead it is the currency that would show the scars of worries about the UK's credit-worthiness.

Portfolio structure as at 31 Jan 2010



Five largest equity holdings as at 31 Jan 2010

Stock	% of fund
BP	3.1
Gold Bullion Securities	2.9
BT	2.1
Johnson & Johnson	2.0
Ericsson	1.9

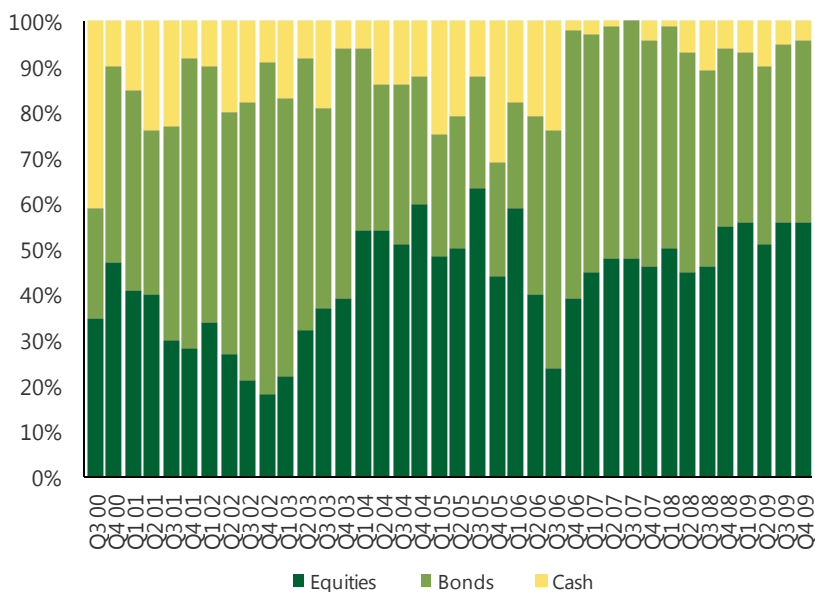
Source: Ruffer LLP

Five largest bond holdings as at 31 Jan 2010

Stock	% of fund
UK Treasury index-linked 2.5% 2024	5.1
UK Treasury index-linked 1.25% 2017	4.9
US TIPS 1.75% 2028	4.4
UK Treasury index-linked 1.25% 2055	4.2
UK Treasury index-linked 2.5% 2016	4.1

Source: Ruffer LLP

Asset allocation



Fund information

Fund size	£711.0m (31 Jan 2010)
No. of holdings	74 equities, 13 bonds (31 Jan 2010)
Minimum investment	£1,000
Ex dividend dates	15 March, 15 September
Pay dates	15 May, 15 November
Charges	Initial charge 5% Annual management charge O class 1.5%
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
Dealing line	0845 601 9610
ISIN Number	O class: GB0009684100 (acc) GB0009684878 (inc)

Sedol Number **O class:** 968410 (acc) 968487 (inc)

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Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, their trusts and pension funds. It also manages portfolios for small and medium sized corporate and charitable institutions. As at 31 January 2010, funds managed by the group exceeded £5.8bn, of which over £2.1bn was managed in open-ended Ruffer funds.



STEVE RUSSELL
Investment Director

Started as a research analyst at SLC Asset Management in 1987, where he became Head of Equities in charge of £5bn of equity funds. In 1999 moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in September 2003. Became a non-executive director of JP Morgan Fleming Continental Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.



DAVID BALLANCE
Investment Director

Previously International Equities Head at Rothschild Private Management, prior to which he was European Equities Head at Rothschild Asset Management. Graduated from Oxford and worked for Allied Dunbar Asset Management as Senior Investment Manager before moving to Threadneedle Investment Managers Ltd as Head of European Equities. Joined Ruffer in 2006 and is co-manager of the CF Ruffer Total Return Fund.