

Ruffer Total Return International

Positive returns with low volatility



C class August 2020 Issue 110

During August, the fund price rose by 0.1%. This compared with a rise of 2.4% in the FTSE All-Share Index and a fall of 3.1% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Index-linked bonds have risen sharply since the first quarter of 2020. During August we took some profits in the longer dated US TIPS bought in March, but our conviction remains that financial repression (ie interest rates being kept below the rate of inflation) will be a key part of the investment landscape in the future. If this is correct then it will have widespread investment ramifications. Let's visit the various parts of the inflation jigsaw to examine what has changed since the onset of Covid-19.

Supply side – the combination of disrupted supply chains and additional costs will drive prices higher. In many sectors fragmented supply chains have not recovered, bottlenecks remain and there are additional costs to protect employees and customers. Similarly, balance sheets will adjust with an increase in cash and rainy-day reserves to weather future crises. All of these things are negative for profitability unless prices are increased.

Monetary/fiscal policy – money supply has gone through the roof since March, reflecting combined monetary-fiscal policy support unprecedented in scale and speed. At the same time control of the economy's steering wheel is unquestionably passing from Central Banks to Governments. The conundrum for politicians is that reducing stimulus is not good for re-election prospects.

Past peak globalisation – before Covid-19 the deflationary force of globalisation was already in retreat; this move has since accelerated. Trade protectionism will increase and offshoring to tap into cheap labour will become much harder.

Socio-political – before this year's events the need for the western world to inflate away its debt burden was desirable for reasons of demographics and wealth distribution. Now it is essential if the financial support provided during the crisis is to be remotely affordable. It is also unlikely that interest rates could rise meaningfully to counter inflationary pressures without damaging the debt-dependent economic recovery.

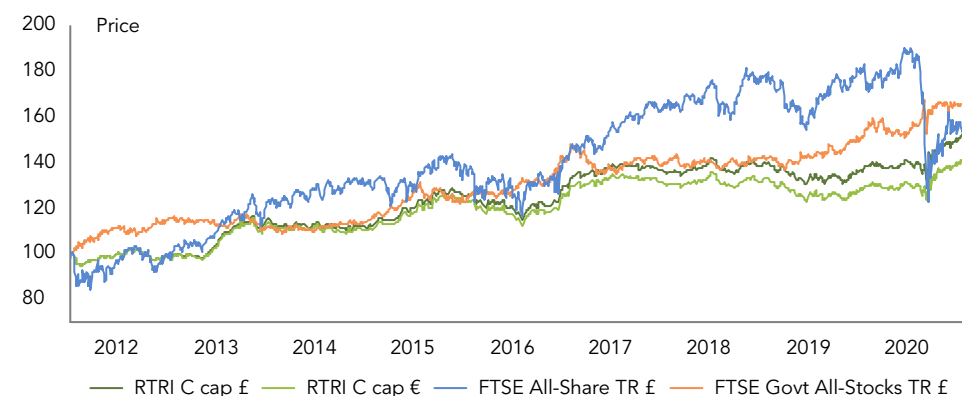
These changes all make it likely that we are entering a new economic regime, which will be one where financial repression and negative real interest rates will be the norm. Our job is to hold assets that will protect and grow our investors' capital through this period and in the aftermath. The roadmap of the last 40 years is unlikely to work; we believe index-linked bonds and gold will be key assets to hold along with the right mix of equities and credit protection.

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Investment objective

The investment objective of Ruffer Total Return International ('the fund') is to achieve positive returns with low volatility from an actively managed portfolio. The fund may have exposure to the following asset classes: cash, debt securities of any type (including government and corporate debt), equities and equity related securities and commodities (including precious metals). Pervading this objective is a fundamental philosophy of capital preservation.

Performance since fund launch on 14 July 2011



Performance %	August 2020	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	0.1	6.9	8.0	10.3	21.4

Percentage growth (C GBP cap)	%	Share price as at 31 August 2020	
30 Jun 2019 – 30 Jun 2020	10.6	C CHF capitalisation	134.42
30 Jun 2018 – 30 Jun 2019	-2.8	C EUR capitalisation	140.10
30 Jun 2017 – 30 Jun 2018	1.3	C EUR distribution	138.16
30 Jun 2016 – 30 Jun 2017	8.4	C GBP capitalisation	151.00
30 Jun 2015 – 30 Jun 2016	-0.2	C GBP distribution	147.55
		C GBP income	141.72
		C USD capitalisation	156.11
		C USD distribution	154.06

Source: Ruffer LLP, FTSE International (FTSE) †

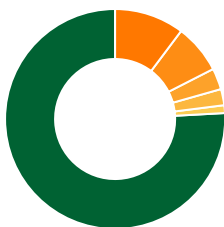
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

Ruffer Total Return International as at 31 Aug 2020

Asset allocation



Currency allocation



Asset allocation %

● Non-UK index-linked	21.9
● Gold and gold equities	10.1
● Illiquid strategies and options	9.7
● Long-dated index-linked gilts	8.8
● Short-dated bonds	8.3
● Cash	5.4
● Index-linked gilts	5.3
● UK equities	8.2
● Japan equities	8.0
● North America equities	6.7
● Europe equities	6.3
● Asia ex-Japan equities	1.3

Currency allocation %

● Sterling	75.8
● Gold	10.1
● US dollar	7.3
● Yen	3.1
● Euro	1.1
● Other	2.6

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.3
iShares Physical Gold	2.2
ArcelorMittal	1.6
VINCI SA	1.3
Kinross Gold	1.2
Fujitsu	1.2
ORIX Corporation	1.2
Hennes & Mauritz	1.1
NatWest Group	1.1
Charles Schwab	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury 1.5% 2021	8.3
UK Treasury index-linked 0.125% 2068	5.5
UK Treasury index-linked 1.875% 2022	5.3
US Treasury 0.875% TIPS 2029	3.3
UK Treasury index-linked 0.375% 2062	3.3

*Excludes holdings in pooled funds

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

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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.

Fund size £1,994m

Fund information

Ongoing Charges Figure	1.12
Maximum annual management fee (C class)	1.2
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£10,000,000
Record date	Third Monday of November
Ex dividend dates	Next NAV following the record date
Payment	Within five business days after ex dividend date
Dealing	Weekly, every Wednesday (if not a business day, on the following business day) Plus on the last calendar day of each month
Cut off	4pm Luxembourg time on the day before valuation day (so typically Tuesday and the penultimate business day of the month)
ISIN and SEDOL	CHF C cap LU0638557743 B45L1M4 EUR C cap LU0638557669 B4MRCS8 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPBZ2 USD C dis LU0779208890 B8BHY81

Structure Sub-fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV

Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent FundPartner Solutions (Europe) S.A.

Investment manager Ruffer LLP

Depository bank Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

The base currency of the fund is GBP. Share classes denominated in other currencies are hedged to reduce the impact on your investment of movements in the exchange rate between the base currency of the fund (GBP) and the currency of the share class.

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Fund Managers

Jacques Hirsch

INVESTMENT DIRECTOR

Joined Ruffer in 2011, previous work included fund management and macro research at Goldman Sachs, GLG Partners and Fulcrum Asset Management. Graduated from École Centrale Paris in 1999, and holds an MSc in Mathematics from Oxford University.



Alex Lennard

INVESTMENT DIRECTOR

Joined Ruffer in 2006 after graduating from Exeter University with an honours degree in economics and finance; he is a member of the Chartered Institute for Securities & Investment.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2020, assets managed by the Ruffer Group exceeded £20.4bn.

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