

Ruffer Total Return International

Positive returns with low volatility

During December, the fund price fell by 0.1%. This compared with a rise of 4.7% in the FTSE All-Share Index and a decrease of 2.7% in the FTSE Govt All Stocks Index (all figures total returns in sterling). This rounded off a solid year for the fund (+9.5%) and consolidated the gains made in the previous two years with the three year annualised return now running at 10.2%.

December began in the aftermath of the sell-off in reopening-sensitive assets, such as energy and cyclicals. The sharp decline in bond yields seen at the end of November continued into early December, as the discovery of the new Omicron variant threatened the vaccine-led economic recovery globally. We took advantage of this sell-off to reinforce core equity positions in energy, financials and industrials. This allowed the equity weight to rise marginally to 42%.

Overall, equities added +2.2% to the monthly return (with financials being the largest contributor) as evidence grew that Omicron might be less dangerous than first thought. Derivative protection (-0.4%) was a drag, as successes with equity put options were outweighed by a fall in credit spreads. Equity put options are held to protect against a withdrawal of liquidity by the Fed, and credit protection for weakness in the real economy.

Inflation-linked bonds detracted 1.6% from the monthly return as bond yields rose and inflation expectations did not. This is a dynamic that may persist in 2022 as economic strength continues and central banks begin to tighten. As a result, we reduced portfolio duration significantly, to nearly zero by the month end, using interest rate options.

At the same time, we retain our high conviction in both financial and energy equities. For financials, many investors cannot contemplate buying them and this is providing some spectacular prospective return opportunities. UniCredit's decision (and ability) to return 50% of its market cap to shareholders within the next three years shows just how undervalued they are. Rising real yields, which hurt index-linked bonds (which we own) and highly valued growth and tech stocks (which we do not own), should be accompanied by rising earnings for financial stocks. The picture for energy stocks is similar. There is something of a catch-22 in energy markets: energy demand continues to rise even as the world navigates the path to net zero, but there is a lack of investment in reliable supply, even though it is crucial to the net zero solution. This leaves higher energy prices the likely outcome and cheap valuations the entry point. We continue to focus on engaging with these companies to help and encourage them on the energy transition journey. The average energy stock in the fund returned 40% in 2021 and the average financial stock returned 35%.

We enter 2022 satisfied that our all-weather investment strategy has fared well through a wide range of investment conditions in the last three years. However, for all investors things are likely to get more rather than less difficult from here. In order to protect and grow their savings, investors will need to focus on risk rather than return and adopt a multi-asset approach containing genuinely uncorrelated assets.

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.

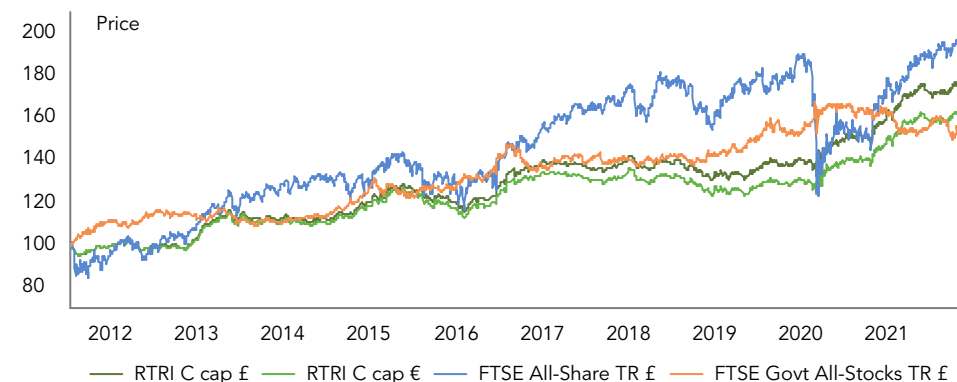


C class December 2021 Issue 126

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



C GBP capitalisation shares	Performance %	Share price as at 31 December 2021	
December 2021	-0.1	C CHF Capitalisation	154.07
Year to date	9.5	C EUR Capitalisation	160.97
1 year	9.5	C EUR Distribution	158.38
3 years	33.9	C GBP Capitalisation	174.92
5 years	26.6	C GBP Distribution	170.48
10 years	75.5	C GBP Income	160.99
		C USD Capitalisation	181.56
		C USD Distribution	178.81
		I SGD Capitalisation	149.66

12 month performance to December %	2017	2018	2019	2020	2021
RTRI C cap £	1.0	-6.5	8.1	13.1	9.5
RTRI C cap €	0.1	-7.5	6.7	12.3	8.8
FTSE All-Share TR £	13.1	-9.5	19.2	-9.8	18.3
FTSE Govt All-Stocks TR £	1.8	0.6	6.9	8.3	-5.2

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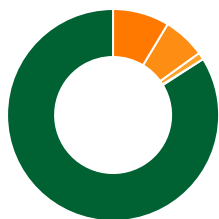
Ruffer Total Return International as at 31 Dec 2021

Asset allocation



Asset allocation	%
Index-linked gilts	15.8
Long-dated index-linked gilts	12.2
Non-UK index-linked	8.4
Gold exposure and gold equities	7.5
Short-dated bonds	6.4
Illiquid strategies and options	5.6
Cash	2.6
UK/Europe equities	26.1
Japan equities	6.8
North America equities	6.2
Asia ex-Japan equities	0.1
Other equities	2.3
Currency allocation	%
Sterling	83.7
Yen	8.6
Euro	1.1
US dollar	0.2
Other	6.4

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.7
Royal Dutch Shell	2.3
NatWest Group	2.3
Lloyds Banking Group	1.8
GlaxoSmithKline	1.7
Ambev SA	1.5
ORIX Corporation	1.3
Mitsubishi UFJ Financial Group	1.2
Bayer	1.1
Banco Santander	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.0
US Treasury 0.625% TIPS 2023	6.4
UK Treasury 0.125% 2023	4.8
UK Treasury index-linked 0.125% 2068	4.6
UK Treasury index-linked 2.5% 2024	4.5

*Excludes holdings in pooled funds

Fund size £4,204.3m

Fund information

Ongoing Charges Figure	1.13
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 SGD I cap LU1400661093 BD2YGL3
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.

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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 30 November 2021, assets managed by the Ruffer Group exceeded £23.7bn.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London SW1E 5JL www.ruffer.co.uk

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