

Ruffer Total Return International

Positive returns with low volatility



I class May 2020 Issue 107

During May, the fund price rose by 1.5%. This compared with a rise of 3.4% in the FTSE All-Share Index and no change in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Stock markets continued to try and put the events of March down as a bad dream, with equities again moving higher. The slowdown in the level of cases in the developed world combined with some easing of lockdown restrictions has given hope that the global economy will recover and in reasonably short order. The anaesthetic of central banks stimulus has once again been sufficient to postpone all ills. As was the case in April, gold mining equities were the largest contributor to returns. The gold price only rose by 2.6% during the month, but mining equities rose in some cases by more than 10%.

Looking at the surface one might assume that not much has changed, but within equity markets there were signs of a shift in tone. The NASDAQ, with its tilt towards technology companies, remained one of the better performing equity markets globally. The fund holds its own expressions of the technology world via the likes of Ocado (+71% for the year to date) and eHealth (+36%), as well as an allocation to US healthcare, a relative outperformer. Most of our equity exposure, however, remains in more unfashionable areas. These companies tend to be more geared into the real economy and this has been an uncomfortable place to be, but the tail end of the month hinted at a possible shift in market favour.

The late month rotation into more cyclical equities was apparently catalysed by the announcement of an EU recovery plan. Whilst there will inevitably be further infighting within the eurozone, and objections from those that trumpet austerity, the market regards the plan as a step toward fiscal co-ordination. This seeming breakthrough led to the euro strengthening, and importantly allowed the US dollar to weaken, taking the pressure off some of the more vulnerable economies within emerging markets. If this rotation is 'for real' the equity exposure in the fund will perform handsomely. If this turns out to be another false start, we should continue to see benefits from the inflation-linked bonds and gold.

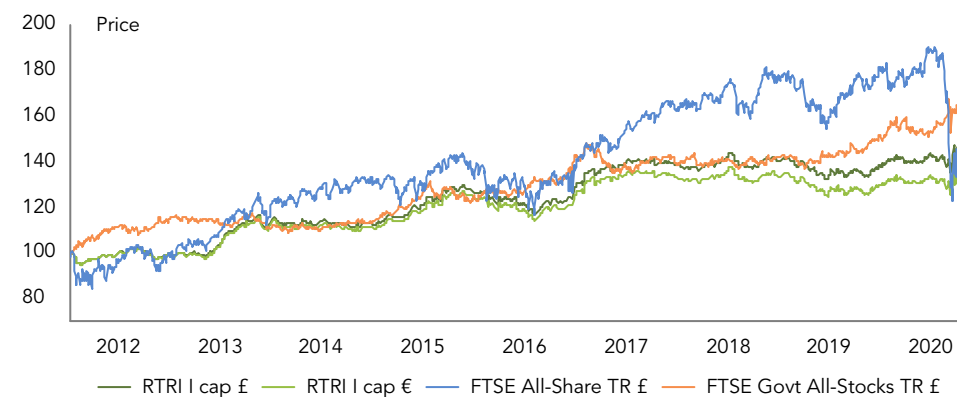
The last two months have provided credence to the view that central banks will forever be able to control the path of asset prices. We would argue differently: in the last three months governments have adopted a wartime response of huge, debt-funded fiscal spending, aided by central bank liquidity, and in the process are dismantling the anti-inflation bias constructed after the 1970s. This means we could quite quickly see the inflationary consequences of deep financial repression. Such a change could lead to a very different (and potentially more dangerous) market environment for investors.

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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 %	May 2020	Year to date	1 year	3 years	5 years
I GBP capitalisation shares	1.5	5.6	12.6	8.4	16.3

Percentage growth (I GBP cap)	%	Share price as at 31 May 2020
31 Mar 2019 – 31 Mar 2020	3.8	I EUR capitalisation 140.84
31 Mar 2018 – 31 Mar 2019	-1.6	I CHF capitalisation 135.20
31 Mar 2017 – 31 Mar 2018	-1.4	I USD capitalisation 156.59
31 Mar 2016 – 31 Mar 2017	13.7	I GBP distribution 147.72
31 Mar 2015 – 31 Mar 2016	-2.8	I SEK capitalisation 142.69
		I USD distribution 153.50
		I CAD capitalisation 126.87
		I SGD capitalisation 126.66

Source: Ruffer LLP, FTSE International (FTSE) †

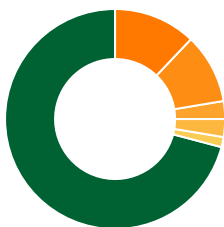
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 31 May 2020

Asset allocation



Currency allocation



Asset allocation %

● Non-UK index-linked	23.6
● Illiquid strategies and options	13.0
● Gold and gold equities	10.0
● Long-dated index-linked gilts	9.9
● Short-dated bonds	8.1
● Cash	3.9
● Index-linked gilts	1.6
● Japan equities	8.1
● UK equities	8.1
● North America equities	7.8
● Europe equities	4.8
● Asia ex-Japan equities	1.2

Currency allocation %

● Sterling	70.9
● Yen	12.2
● Gold	10.1
● Euro	2.8
● US dollar	1.6
● Other	2.5

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.2
Fujitsu	1.4
Cigna Corporation	1.2
Hennes & Mauritz	1.2
Royal Bank of Scotland	1.2
ArcelorMittal	1.2
iShares Physical Gold	1.1
ORIX Corporation	1.1
Synchrony Financial	1.1
Kinross Gold	1.0

5 largest of bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.2
UK Treasury 1.5% 2021	5.3
US Treasury 0.25% TIPS 2050	4.0
UK Treasury index-linked 0.375% 2062	3.7
US Treasury 0.875% TIPS 2029	3.6

*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 **£1,916.5m**

Fund information

Ongoing Charges Figure	0.93
Maximum annual management fee (I class)	1.0
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£25m
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 first business 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	EUR I cap	LU0638558394	B4LVH08
	CHF I cap	LU0638558477	B4QLM86
	USD I cap	LU0638558550	B4L04N7
	GBP I dis	LU0779209195	B8BHYH0
	SEK I cap	LU0923103534	B94R6P6
	USD I dis	LU0955560437	BCDYZK7
	CAD I cap	LU1296766634	BYSW6J6
	SGD I cap	LU1400661093	BD2YGL3
	AUD I cap	LU1534125882	BDRKVG6

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 30 April 2020, assets managed by the Ruffer Group exceeded £19.7bn.

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