

# Ruffer Total Return International

Positive returns with low volatility



I class October 2020 Issue 112

During October, the fund price fell by 1.5%. This compared with a fall of 3.8% in the FTSE All-Share Index and a fall of 0.5% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

A low allocation to equities and some profit taking in gold mining shares over the last two months softened the blow but was not enough to mitigate an overall loss in October. Concerns that bothered risk assets in September became more acute in October. Hopes faded of further US fiscal stimulus prior to the election and coronavirus infections surged across Europe bringing further curtailments in economic activity. Equity markets lost ground, with falls ranging from around 3% in the US to 10% in Germany. October illustrated again why we have been concerned for some time about the lack of effective protective assets. As equities fell, traditional haven assets such as US treasuries, UK gilts and gold also declined. Only the US dollar strengthened, validating both our suspicion that it may be one of the last traditional offsets available and its increased weighting in the fund.

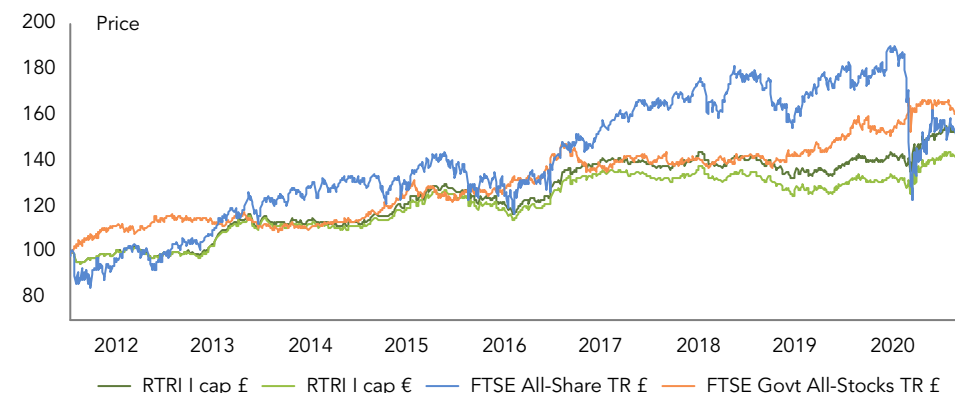
The balanced portfolio of traditional assets is more vulnerable than ever. Our answer is to maintain an allocation to credit protections, which will provide a potent offset to deeper equity market falls, as was the case in the first quarter. We took significant profits earlier this year but once again increased the sensitivity of these positions as the summer ended. We think it is likely that there will be corporate failures before this crisis is resolved. Not every over-indebted company will be able to refinance or be rescued by governments.

Whatever the result of the US election, one thing seems certain – government will get bigger and further fiscal support will ensue. Whether this takes the form of tax cuts or a Green New Deal will be a function of both the occupant of the White House and the composition of the Senate. Either way, with inflation deemed quiescent this fiscal support will be accompanied by rock bottom interest rates. A debt dependent recovery will not be able to stomach higher interest rates and higher inflation will be tolerated as the price for rehabilitating the economy. The global fiscal fire hose will eventually have its desired effect. Inflation will emerge like Hemingway's bankruptcy – 'gradually, then suddenly'. Risk assets will enjoy the 'gradually' and hate the 'suddenly'. For this reason, we hold value equities for the heralding of inflation and inflation-linked bonds for when it arrives. Low inflation expectations are underpinning high valuations on many asset prices and 2021 looks like it could be the year when this unravels.

## 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



I GBP capitalisation shares	Performance %	Share price as at 31 October 2020
October 2020	-1.5	I EUR capitalisation 140.34
Year to date	5.5	I CHF capitalisation 134.59
1 year	8.0	I USD capitalisation 156.67
3 years	9.1	I GBP distribution 147.63
5 years	21.8	I SEK capitalisation 142.36
		I USD distribution 153.58
		I CAD capitalisation 126.82
		I SGD capitalisation 126.64
		I AUD capitalisation 111.85

12 month performance to 30 September %	2016	2017	2018	2019	2020
RTRI I cap £	11.5	1.3	2.4	0.4	8.9
RTRI I cap €	29.6	2.2	2.3	-1.7	10.7
FTSE All-Share TR £	16.8	11.9	5.9	2.7	-16.6
FTSE Govt All-Stocks TR £	12.6	-3.6	0.6	13.4	3.4

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.

Source: Ruffer LLP, FTSE International (FTSE) †

# Ruffer Total Return International as at 31 Oct 2020

## Asset allocation



Asset allocation	%
Non-UK index-linked	24.0
Illiquid strategies and options	9.3
Long-dated index-linked gilts	9.2
Gold and gold equities	7.9
Index-linked gilts	7.1
Short-dated bonds	6.8
Cash	3.4
UK equities	10.7
Japan equities	7.5
North America equities	7.1
Europe equities	6.2
Asia ex-Japan equities	0.9
Currency allocation	%
Sterling	76.3
US dollar	10.2
Gold	8.0
Yen	2.5
Euro	1.0
Other	2.0

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
iShares Physical Gold	2.4
Lloyds Banking Group	2.2
Charles Schwab	1.4
NatWest Group	1.2
Vinci	1.2
Fujitsu	1.1
ArcelorMittal	1.0
Rohm	0.9
Hennes & Mauritz	0.9
BP	0.9

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.1
UK Treasury 1.5% 2021	6.8
UK Treasury index-linked 0.125% 2068	5.8
US Treasury 0.625% TIPS 2021	4.6
UK Treasury index-linked 0.375% 2062	3.4

\*Excludes holdings in pooled funds  
Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

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Fund size £2,033.1m

## 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	CHF I cap	USD I cap	GBP I dis	SEK I cap	USD I dis	CAD I cap	SGD I cap	AUD I cap									
	LU0638558394	B4LVH08	LU0638558477	B4QLM86	LU0638558550	B4L04N7	LU0779209195	B8BHYH0	LU0923103534	B94R6P6	LU0955560437	BCDYZK7	LU1296766634	BYSW6J6	LU1400661093	BD2YGL3	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 September 2020, assets managed by the Ruffer Group exceeded £20.0bn.

## Enquiries

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

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