Ruffer Total Return International

Positive returns with low volatility

I class July 2023 **Issue 145**

The Federal Reserve, the IMF, the Bank of England and Goldman Sachs amongst others have moved their forecasts to suggest a soft landing, or no landing, is the most likely outcome for the global economy. A new, rosier narrative has emerged: that a recession will be avoided, and immaculate disinflation has been achieved vindicating market bulls and central bankers alike. The Nasdaq is up 37% year to date, performance to rival the dot.com boom.

This looks to us like a prime example of price action driving the narrative. Markets think a recession can be avoided because markets are going up. However, economic fundamentals continue to weaken with a reduced availability of credit, visible cracks in a previously strong labour market, and other key leading indicators such as manufacturing survey data are now in recessionary territory. Meanwhile, monetary conditions continue to tighten as global central banks raise rates and quantitative tightening (QT) continues apace. We believe that both the economy and financial ecosystem are conditioned to low interest rates and are incapable of enduring interest rates in excess of 5%.

At the same time, real yields are dramatically increasing – now as high as 3% on two year US inflation protected bonds. We have previously focused on the speed at which real yields have risen, as a guide to market fragility. This year real yields have risen slowly, but inexorably, and we think the second half of 2023 will be about discovering where the biting point is. If history is our guide, it is close.

In July, the rise in global real yields hurt inflation linked bonds. The mix of derivative protections were also a small drag. These were more than offset by our oil exposure, the biggest risk-on asset in the portfolio, which rose 14% in the month in response to further OPEC supply cuts.

On the penultimate day of the month the Bank of Japan ended their yield curve control policy. The news was met with a pop rather than a bang – the yen didn't move much. However, that pop was the starting pistol for something bigger. We have considerable exposure to the yen, directly and via derivatives, and believe these positions have a long way to run. The end of extreme monetary policy divergence, forcing all weakness through the currency, should see a material strengthening in the yen. Japanese government bond yields floating higher may be the final anchor to slip loose on global duration, which will have ripples across other capital markets.

The surge in risk appetite from the presumed economic 'all clear' has allowed credit spreads to tighten, equity market puts have become cheaper still, and equity volatility (measured by the VIX) has now fallen back to pre-covid levels. Having cost the portfolio year to date, these protections are now highly attractive and, usually, tend to be most advantageous when nobody wants them.

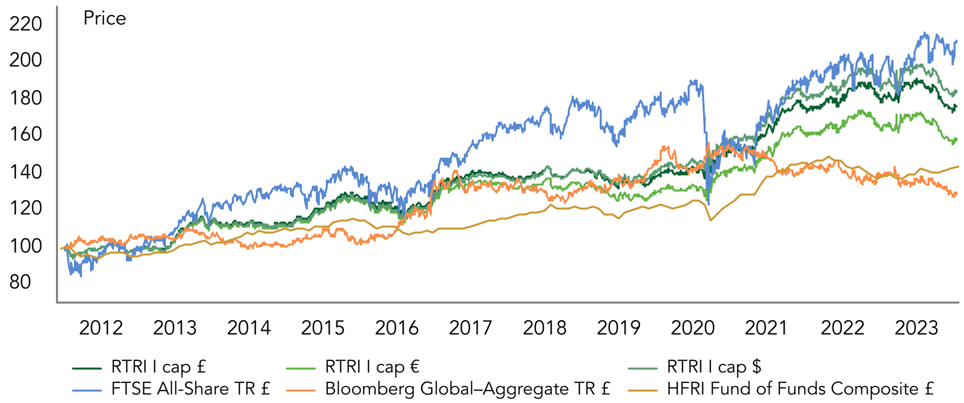
The overarching message to our investors is that we have been here before, and that feeling uncomfortable is sometimes necessary for differentiated results. We retain a high level of conviction that the portfolio is correctly positioned given the environment we see and hope to deliver on the patience and faith shown in us by our investors this year.

Investment objective

The investment objective of the Ruffer Total Return International ('the fund') is to achieve low volatility, positive returns 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). Overriding this objective is a fundamental philosophy of capital preservation. Investors should note that there can be no assurance that the investment objective will be achieved.

Performance since fund launch on 14 July 2011

Past performance does not predict future returns



Performance I cap shares %	GBP	EUR	USD
July 2023	0.4	0.3	0.4
Year to date	-7.0	-7.8	-6.6
1 year	-3.3	-4.9	-2.5
3 years	14.9	11.1	16.4
5 years	24.2	17.2	29.4
10 years	54.2	40.0	62.4

Share price as at 31 July 2023			
I	EUR	Capitalisation	1.5831
I	CHF	Capitalisation	1.4968
I	USD	Capitalisation	1.8461
I	GBP	Distribution	1.7103
I	SEK	Capitalisation	1.6201
I	USD	Distribution	1.7975
I	CAD	Capitalisation	1.4827
I	SGD	Capitalisation	1.4824
I	GBP	Capitalisation	1.7629

12 month performance to June %	2019	2020	2021	2022	2023
RTRI I cap £	-2.6	10.8	15.5	3.4	-3.4
RTRI I cap €	-3.9	9.6	14.7	2.4	-5.0
RTRI I cap $	-1.0	12.3	15.9	3.5	-2.6
FTSE All-Share TR £	0.6	-13.0	21.5	1.6	7.9
Bloomberg Global–Aggregate TR £	9.8	7.4	-8.2	-3.6	-5.7
HFRI Fund of Funds Composite £	4.9	3.5	5.8	7.5	-0.9

Source: Ruffer LLP, FTSE International, Bloomberg, Hedge Fund Research Inc. The comparator benchmarks shown in this document is as stated in the fund's prospectus.

Ruffer Total Return International as at 31 Jul 2023

Asset allocation

Asset allocation	%
Short-dated bonds	27.9
Cash	14.5
Non-UK index-linked	13.6
Long-dated index-linked gilts	8.4
Gold exposure and gold equities	5.5
Index-linked gilts	5.5
Illiquid strategies and options	2.0
Commodity exposure	8.2
UK/Europe equities	7.7
North America equities	3.7
Asia ex-Japan equities	2.5
Other equities	0.5

10 largest equity holdings*

Stock	% of fund
iShares MSCI China A UCITS ETF	1.1
BP	0.9
Alibaba Group Holding	0.8
Ryanair	0.7
Bayer AG	0.6
Taiwan Semiconductor Manufacturing Co	0.6
Ambev SA	0.5
Glencore	0.4
Cigna	0.4
Vallourec	0.3

5 largest bond holdings

Stock	% of fund
US Treasury 0.625% TIPS 2024	6.0
UK Treasury index-linked 2.5% 2024	4.7
US Treasury FRN 31 Oct 2024	4.5
Australian govt bonds 2.75% 2024	3.6
US Treasury 0.125% TIPS 2052	3.5

*Excludes holdings in Ruffer funds

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

The fund data displayed is designed only to provide summary information. This marketing communication 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 Information Documents and the latest report and accounts Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer Total Return International (RTRI) is not registered for distribution in any country other than Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy (qualified investors only), Luxembourg, the Netherlands, Norway, Portugal, Singapore (institutional and accredited investors only), Spain, Sweden, Switzerland and the UK. The fund's prospectus is provided in English and French; Key Information Documents are provided in a variety of languages and are available, with the Prospectus (in English and French), on request or from ruffer.co.uk. A Summary of Investor Rights is available in English from group.pictet/asset-services/fundpartner-solutions. Ruffer LLP is not able to market RTRI in other countries, except under certain exemptions. In line with the Prospectus, it is possible at any one time RTRI may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be UK or US government issued transferable securities. This investment concerns the acquisition of units in a fund, and not in a given underlying asset such as shares of a company, as these are only the underlying assets owned by the fund. This marketing communication is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority.

Fund size £5,286.6m €6,169.3m

Fund information

	%
Ongoing Charges Figure	1.02
Maximum annual management fee (I class)	1.0
Annual management fee	0.9
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 last 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
	GBP	I cap	LU0638558121	B4WP6Q8

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
Depositary bank	Pictet & Cie (Europe) S.A.
Auditors	Ernst & Young S.A.

The views expressed in this marketing communication are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice. The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser. Ruffer LLP or FundPartner Solutions (Europe) S.A may terminate arrangement for marketing of the fund under new Cross-border Distribution Directive denotification process.

Fund Manager

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 CISI. He is co-manager of two of Ruffer's flagship funds.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 June 2023, assets managed by the Ruffer Group exceeded £24.6bn.

Enquiries

Ruffer LLP
80 Victoria Street
London SW1E 5JL

+44 (0)20 7963 8218
rif@ruffer.co.uk
ruffer.co.uk

Notice for Investors in Switzerland: Ruffer SICAV's prospectus, Key Information Documents, articles of association and the annual and semi-annual reports are available free of charge at the offi ce of the Swiss representative: FundPartner Solutions (Suisse) S.A., Route des Acacias 60 CH – 1211 Geneva 73. Ruffer SICAV's paying agent in Switzerland is Banque Pictet & Cie S.A. of the same address.