

Ruffer Total Return International

Positive returns with low volatility



O class April 2019 Issue 94

During April, the fund price fell by 0.1%. This compared with a rise of 2.7% in the FTSE All-Share Index and a decline of 1.5% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Within the portfolio, positive contributions came from our equities, which outperformed the market, but gains were tempered by our defensive assets with index-linked bonds, gold and unconventional protections all down. Does it feel like we have been here before? In testament to the extreme brevity of financial memory, after two near-calamities in February and December of 2018, investors have been persuaded the environment is ripe for risk-taking and stock markets have pushed back towards all-time highs.

Last month's volte-face from the Federal Reserve on interest rates may have materially changed things in the short run. We see their actions as a promise, not just to refrain from taking away the punch bowl, but also to encourage investors to party a little harder. Good news on US/China trade relations or Brexit could give further impetus to the rally. Lastly, the political debate in the US is gravitating towards highly stimulative policies such as modern monetary theory and job guarantee schemes. In response, we have let our equity weighting drift up to above 40% whilst the sun is shining.

This environment has buoyed risk-taking and encouraged complacency: volatility selling is back, credit spreads have been crushed, currency markets are somnambulant and \$10 trillion of bonds trade on negative yields. The equities which are working are the ones playing the games which define this particular cycle: the FANGs (Facebook, Amazon, Netflix, Google), technology and those favouring corporate finance solutions such as buybacks or acquisitions over capital expenditure and investment. In a sign of the times, we are seeing a flurry of tech unicorns come to market – Uber, Lyft, WeWork, Airbnb, Pinterest and more. These businesses are ubiquitous and some have even reached the status of verbs, yet the simple concept of a profit eludes them. In a world where growth is scarce, the hope of any growth draws in capital, irrespective of its quality.

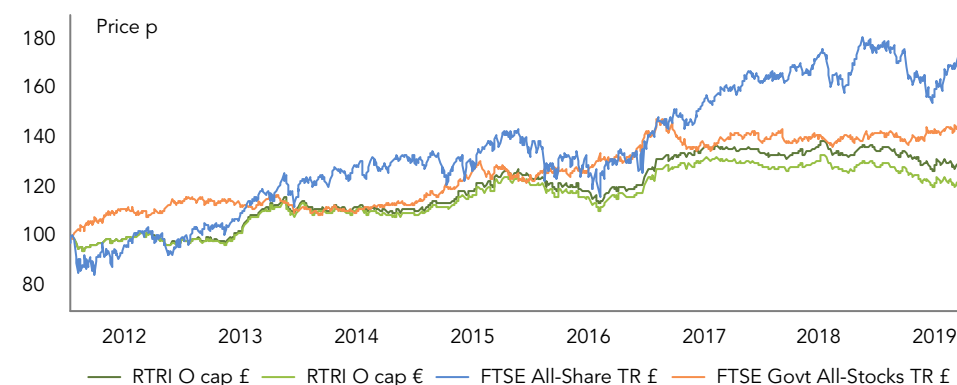
Our largest equity holding is Walt Disney, which rose 23% over the course of the month (adding 0.6%). Disney is the world's largest media company and seeks to monetise its characters and content library through movies, consumer products and theme parks. The acquisition of 21st Century Fox adds to this pool of intellectual property. The newly announced direct to consumer streaming service, Disney+, looks like a competitor to Netflix, but on a fraction of the valuation. As investors start to use their imagination and consider how big, profitable and advantageous Disney+ might become, we expect the stock to continue to do well.

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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 % | April 2019 | Year to date | 1 year | 3 years | 5 years |
|--------------------------------------|------------|--|--------|---------|---------|
| O GBP capitalisation shares | -0.1 | 2.4 | -3.5 | 8.5 | 18.8 |
| Percentage growth (O GBP cap) | % | Share price as at 30 April 2019 | | | |
| 31 Mar 2018 – 31 Mar 2019 | -2.1 | O CHF capitalisation | 118.49 | | |
| 31 Mar 2017 – 31 Mar 2018 | -1.9 | O EUR capitalisation | 122.90 | | |
| 31 Mar 2016 – 31 Mar 2017 | 13.1 | O GBP capitalisation | 130.60 | | |
| 31 Mar 2015 – 31 Mar 2016 | -3.3 | O USD capitalisation | 132.79 | | |
| 31 Mar 2014 – 31 Mar 2015 | 11.6 | | | | |

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 30 Apr 2019

Asset allocation



| Asset allocation | % |
|---------------------------------|------|
| Non-UK index-linked | 14.4 |
| Long-dated index-linked gilts | 14.3 |
| Short-dated bonds | 8.2 |
| Illiquid strategies and options | 8.0 |
| Gold and gold equities | 7.1 |
| Cash | 3.6 |
| Index-linked gilts | 1.6 |

| | |
|------------------------|------|
| North America equities | 14.3 |
| Japan equities | 11.6 |
| UK equities | 9.3 |
| Europe equities | 5.1 |
| Asia ex-Japan equities | 2.6 |

| Currency allocation | % |
|---------------------|------|
| Sterling | 73.9 |
| Yen | 7.2 |
| Gold | 6.6 |
| US dollar | 5.8 |
| Euro | 3.8 |
| Other | 2.8 |

Currency allocation



10 largest of 52 equity holdings*

| Stock | % of fund |
|---------------------------------|-----------|
| Walt Disney Company | 3.4 |
| Tesco | 2.2 |
| Mitsubishi UFJ Financial | 1.7 |
| ArcelorMittal | 1.7 |
| Sumitomo Mitsui Financial Group | 1.6 |
| Cigna Corporation | 1.5 |
| Whitbread | 1.4 |
| ORIX | 1.2 |
| Barrick Gold | 1.2 |
| National Oilwell | 1.2 |

5 largest of 16 bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 0.125% 2068 | 8.3 |
| UK Treasury index-linked 0.375% 2062 | 6.0 |
| US Treasury 0.125% TIPS 2021 | 3.6 |
| US Treasury 0.625% TIPS 2021 | 3.4 |
| US Treasury 0.125% TIPS 2022 | 2.4 |

*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 **£1,916m**

Fund information

| | |
|--|--|
| Ongoing Charges Figure | 1.43 |
| Maximum annual management fee (O class) | 1.5 |
| Maximum subscription fee | 5.0 |
| Minimum investment (or equivalent in other currency) | £1,000 |
| O share classes | Capitalisation only (equivalent to accumulation) |
| 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 O cap LU0638558808 B4R1SD2 EUR O cap LU0638558717 B42NV78 GBP O cap LU0638558634 B41Y053 USD O cap LU0638558980 B449LX0 |
| 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 March 2019, assets managed by the Ruffer Group exceeded £21.2bn.

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