

# Ruffer Total Return International

Positive returns with low volatility

During November the fund price fell by 0.4%. This compared with a fall of 2.2% in the FTSE All-Share Index and a rise of 3.0% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

In an action-packed November, perhaps the most meaningful moment came on its final afternoon. In his testimony to the Senate Banking Committee, the Chair of the Federal Reserve, Jerome Powell, admitted that inflation will linger and that it was ‘time to retire the word transitory’. This marks the end of the back-and-forth narrative that has dominated the investment debate for the past six months. It also provided a rubber-stamp to a shift that was already underway. Short-dated interest rate markets had already begun to price in an end to limitless central bank accommodation.

This shift is a material change and marks the beginning of a new market dynamic. We have moved from a question of whether inflation is transitory to whether central banks have the willingness and the ability to bring this lingering, sticky inflation back down. If the necessary willingness exists, then we are entering a much more difficult backdrop for markets. The tailwind of gargantuan liquidity injections, which have powered them higher, will now become a headwind.

Alongside liquidity, risk assets have clearly also benefitted from improving economic fundamentals. The Atlanta Fed GDP Nowcast estimates that real GDP for Q4 in the US will be above 8%. Coupled with inflation potentially annualising at 6% for the quarter, this gives US quarterly nominal GDP of close to 14%. These powerful economic fundamentals put pressure on officials to dial down stimulus.

The combination of strong economic fundamentals and a need to tackle inflation will see central banks try to slow price rises through tighter financial conditions. This makes equity and credit markets as vulnerable as they have been since the market falls of March 2020. We have been preparing for this eventuality. At the end of October, we increased our allocation to the credit protection strategies that worked so well in Q1 2020.

On top of this, we added to equity option protection and deliberately pared back the fund’s equity weight to just under 40%. If inflation does not react as central banks hope and they have to go harder with their liquidity withdrawal, we are confident we have the protections in place to withstand the likely equity market tantrum.

The bigger question is perhaps whether inflation will be able to be brought back to target or is the genie well and truly out the bottle. For this eventuality, the longest-dated inflation linked bonds remain primed. We upped our weighting to the longest-dated issues in the UK to 15% and added to the new 2073 index-linked bond. It is noteworthy that these bonds rose just under 10% during the month. The knee-jerk reaction to the omicron variant was disinflationary. We are not so sure. The pandemic experience tells us that the inflationary disruption to supply outweighs the deflationary hit to demand. Mr Powell and his colleagues will be well aware of this.

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.

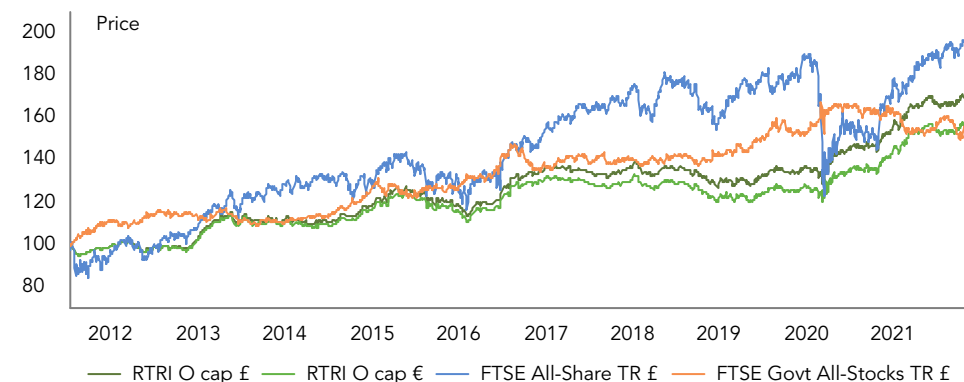


O class November 2021 Issue 125

## 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



O GBP capitalisation shares	Performance %	Share price as at 30 November 2021
November 2021	-0.4	O CHF Capitalisation 149.22
Year to date	9.2	OI EUR Capitalisation 155.94
1 year	11.7	O EUR Capitalisation 155.89
3 years	30.4	O GBP Capitalisation 169.29
5 years	26.9	O USD Capitalisation 175.54
10 years	70.7	

12 month performance to September %	2017	2018	2019	2020	2021
RTRI O cap £	0.7	1.9	-0.1	8.4	14.1
RTRI O cap €	-0.2	0.7	-1.5	7.4	13.4
FTSE All-Share TR £	11.9	5.9	2.7	-16.6	27.9
FTSE Govt All-Stocks TR £	-3.6	0.6	13.4	3.4	-6.8

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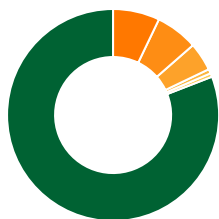
# Ruffer Total Return International as at 30 Nov 2021

## Asset allocation



Asset allocation	%
Index-linked gilts	16.1
Long-dated index-linked gilts	14.6
Non-UK index-linked	8.2
Short-dated bonds	7.6
Gold and gold equities	6.3
Illiquid strategies and options	5.7
Cash	2.1
UK/Europe equities	25.0
Japan equities	6.9
North America equities	5.4
Asia ex-Japan equities	0.1
Other equities	2.1
<b>Currency allocation</b>	
<b>%</b>	
Sterling	80.9
Yen	7.1
Gold	6.3
US dollar	0.8
Euro	0.6
Other	4.3

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
BP	2.7
Royal Dutch Shell	2.3
NatWest Group	2.0
Lloyds Banking Group	1.9
GlaxoSmithKline	1.7
Ambev SA	1.6
iShares Physical Gold	1.4
ORIX Corporation	1.3
Mitsubishi UFJ Financial Group	1.2
Cigna	1.0

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.3
US Treasury 0.625% TIPS 2023	6.8
UK Treasury 0.125% 2023	6.0
UK Treasury index-linked 0.125% 2068	5.3
2.5% Treasury index-linked 2024	4.9

\*Excludes holdings in pooled funds

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.

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. 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 (qualified investors only) and the UK. The fund's prospectus is provided in English and French; Key Investor Information Documents are provided in a variety of languages and are available, along with the Prospectus (in English and French), on request or from [ruffer.co.uk](http://ruffer.co.uk). Ruffer LLP is not able to market RTRI in other countries, except under certain exemptions. In line with the Prospectus, it is possible that at any one time Ruffer Total Return International 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.

Fund size £3,935.9m

## Fund information

Ongoing Charges Figure	1.44
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 OI cap LU2252564898 BMYP2W0 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.

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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 October 2021, assets managed by the Ruffer Group exceeded £23.6bn.

## 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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