

Ruffer Total Return International

Positive returns with low volatility

During December, the fund price fell by 0.1%. This compared with a rise of 4.7% in the FTSE All-Share Index and a decrease of 2.7% in the FTSE Govt All Stocks Index (all figures total returns in sterling). This rounded off a solid year for the fund (+9.2%) and consolidated the gains made in the previous two years with the three year annualised return now running at 9.9%.

December began in the aftermath of the sell-off in reopening-sensitive assets, such as energy and cyclical. The sharp decline in bond yields seen at the end of November continued into early December, as the discovery of the new Omicron variant threatened the vaccine-led economic recovery globally. We took advantage of this sell-off to reinforce core equity positions in energy, financials and industrials. This allowed the equity weight to rise marginally to 42%.

Overall, equities added +2.2% to the monthly return (with financials being the largest contributor) as evidence grew that Omicron might be less dangerous than first thought. Derivative protection (-0.4%) was a drag, as successes with equity put options were outweighed by a fall in credit spreads. Equity put options are held to protect against a withdrawal of liquidity by the Fed, and credit protection for weakness in the real economy.

Inflation-linked bonds detracted 1.6% from the monthly return as bond yields rose and inflation expectations did not. This is a dynamic that may persist in 2022 as economic strength continues and central banks begin to tighten. As a result, we reduced portfolio duration significantly, to nearly zero by the month end, using interest rate options.

At the same time, we retain our high conviction in both financial and energy equities. For financials, many investors cannot contemplate buying them and this is providing some spectacular prospective return opportunities. UniCredit's decision (and ability) to return 50% of its market cap to shareholders within the next three years shows just how undervalued they are. Rising real yields, which hurt index-linked bonds (which we own) and highly valued growth and tech stocks (which we do not own), should be accompanied by rising earnings for financial stocks. The picture for energy stocks is similar. There is something of a catch-22 in energy markets: energy demand continues to rise even as the world navigates the path to net zero, but there is a lack of investment in reliable supply, even though it is crucial to the net zero solution. This leaves higher energy prices the likely outcome and cheap valuations the entry point. We continue to focus on engaging with these companies to help and encourage them on the energy transition journey. The average energy stock in the fund returned 40% in 2021 and the average financial stock returned 35%.

We enter 2022 satisfied that our all-weather investment strategy has fared well through a wide range of investment conditions in the last three years. However, for all investors things are likely to get more rather than less difficult from here. In order to protect and grow their savings, investors will need to focus on risk rather than return and adopt a multi-asset approach containing genuinely uncorrelated assets.

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.

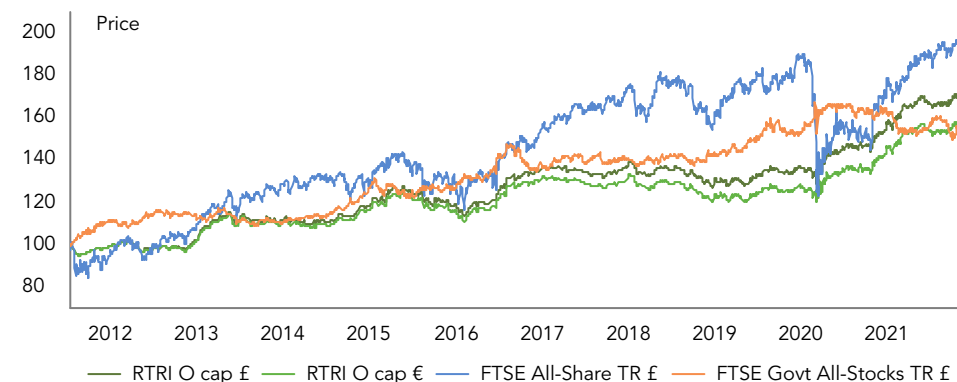


O class December 2021 Issue 126

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 31 December 2021 |
|-----------------------------|---------------|------------------------------------|
| December 2021 | -0.1 | O CHF Capitalisation 149.00 |
| Year to date | 9.2 | OI EUR Capitalisation 155.71 |
| 1 year | 9.2 | O EUR Capitalisation 155.66 |
| 3 years | 32.6 | O GBP Capitalisation 169.15 |
| 5 years | 24.6 | O USD Capitalisation 175.58 |
| 10 years | 70.0 | |

| 12 month performance to December % | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|------|------|------|------|------|
| RTRI O cap £ | 0.7 | -6.7 | 7.8 | 12.7 | 9.2 |
| RTRI O cap € | -0.3 | -7.8 | 6.3 | 11.9 | 8.5 |
| FTSE All-Share TR £ | 13.1 | -9.5 | 19.2 | -9.8 | 18.3 |
| FTSE Govt All-Stocks TR £ | 1.8 | 0.6 | 6.9 | 8.3 | -5.2 |

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Ruffer Total Return International as at 31 Dec 2021

Asset allocation



| Asset allocation | % |
|---------------------------------|------|
| Index-linked gilts | 15.8 |
| Long-dated index-linked gilts | 12.2 |
| Non-UK index-linked | 8.4 |
| Gold exposure and gold equities | 7.5 |
| Short-dated bonds | 6.4 |
| Illiquid strategies and options | 5.6 |
| Cash | 2.6 |
| UK/Europe equities | 26.1 |
| Japan equities | 6.8 |
| North America equities | 6.2 |
| Asia ex-Japan equities | 0.1 |
| Other equities | 2.3 |
| Currency allocation | % |
| Sterling | 83.7 |
| Yen | 8.6 |
| Euro | 1.1 |
| US dollar | 0.2 |
| Other | 6.4 |

Currency allocation



10 largest equity holdings*

| Stock | % of fund |
|--------------------------------|-----------|
| BP | 2.7 |
| Royal Dutch Shell | 2.3 |
| NatWest Group | 2.3 |
| Lloyds Banking Group | 1.8 |
| GlaxoSmithKline | 1.7 |
| Ambev SA | 1.5 |
| ORIX Corporation | 1.3 |
| Mitsubishi UFJ Financial Group | 1.2 |
| Bayer | 1.1 |
| Banco Santander | 1.1 |

5 largest bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 1.875% 2022 | 9.0 |
| US Treasury 0.625% TIPS 2023 | 6.4 |
| UK Treasury 0.125% 2023 | 4.8 |
| UK Treasury index-linked 0.125% 2068 | 4.6 |
| UK Treasury index-linked 2.5% 2024 | 4.5 |

*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. 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 £4,204.3m

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 30 November 2021, assets managed by the Ruffer Group exceeded £23.7bn.

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