

Ruffer Total Return International

Positive returns with low volatility



C class March 2019 Issue 93

During March, the fund price rose by 1.7%. This compared with a rise of 2.6% in the FTSE All-Share Index and an increase of 3.2% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

The defining feature in March has been the sharp falls in bond yields (prices up) across developed markets. Early in the month, the European Central Bank downgraded their forecasts for economic growth, which immediately sent German bunds towards zero for the first time since 2016. This move was further catalysed by the Federal Reserve, who completed their volte-face on interest rates in definitive fashion. As recently as September the Fed had forecast as many as four interest rate rises in 2019, but at their most recent meeting they implied they do not expect to raise rates again until 2020, while financial markets are now assuming the most likely next move is for rates to be cut. This shift is as close to confirmation that the words from Chairman Jerome Powell in the fourth quarter amounted to a significant error in communication, one requiring substantial efforts to correct. This backdrop of soothing actions and words from policy makers has given comfort to equity markets, which ended the month at the highs for the year. We continue to have just under 40% of the fund invested in equities, enabling us to capture a reasonable share of the returns, whilst continuing to hold protection should the market lose faith in the powers of central bankers.

We have long-described a world where financial markets are too weak to tolerate higher interest rates. The events of 2018, and the most recent pronouncements from the Fed, have confirmed to all market participants this is correct. The patient continues to be reliant on the drugs, and the doctors are reluctant to see if they can cope without. The greater the market belief in policy makers the harder it is to control. Consider what will happen the next time the Fed seems cornered, facing a buoyant market with loose financial conditions and incipient inflationary pressure. The market, sensing the Fed may wish to tighten financial conditions, may well pre-empt Fed action and tighten financial conditions endogenously, ie equity and credit markets will fall sharply. The new additional risk is that if markets have been justified in their recessionary fears, then the Fed will have to act in dramatic fashion, they cannot risk a nine foot jump over a ten foot gap, they need a twelve foot jump. The threshold for this is substantial.

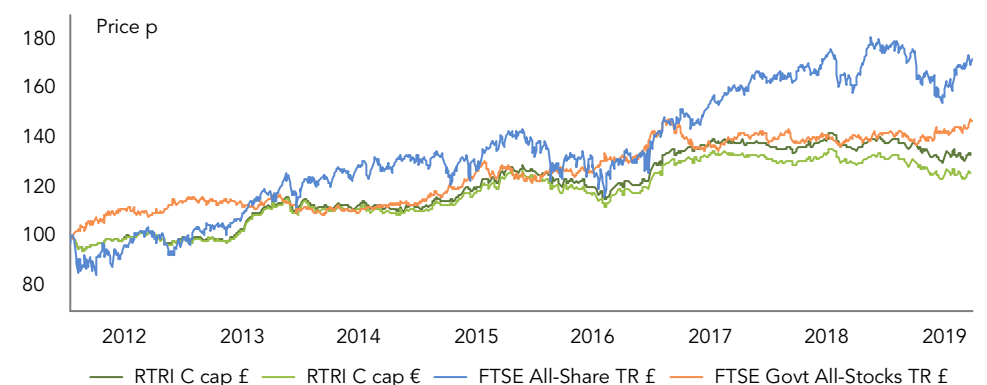
We have absolute conviction in our view that markets remain structurally fragile, for which we hold protection, whilst if the Fed have postponed the reckoning we have sufficient equities in the fund to enjoy the remaining sunshine.

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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 %	March 2019	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	1.7	2.5	-1.8	9.6	19.2

Percentage growth (C GBP cap)	%	Share price as at 31 March 2019	p
31 Mar 2018 – 31 Mar 2019	-1.8	C CHF capitalisation	121.68
31 Mar 2017 – 31 Mar 2018	-1.6	C EUR capitalisation	126.19
31 Mar 2016 – 31 Mar 2017	13.5	C EUR distribution	124.46
31 Mar 2015 – 31 Mar 2016	-2.9	C GBP capitalisation	133.96
31 Mar 2014 – 31 Mar 2015	12.0	C GBP distribution	130.94
		C GBP income	127.14
		C USD capitalisation	136.00
		C USD distribution	134.22

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 31 Mar 2019

Asset allocation



Currency allocation



Asset allocation %

● Long-dated index-linked gilts	14.3
● Non-UK index-linked	14.0
● Illiquid strategies and options	8.3
● Short-dated bonds	8.0
● Gold and gold equities	7.8
● Cash	6.2
● Index-linked gilts	1.6

● North America equities	12.0
● UK equities	10.0
● Japan equities	9.8
● Europe equities	4.9
● Asia ex-Japan equities	3.1

Currency allocation %

● Sterling	73.9
● Gold	8.2
● US dollar	6.0
● Yen	5.0
● Euro	3.8
● Other	3.2

10 largest of 50 equity holdings*

Stock	% of fund
Walt Disney Company	3.0
Tesco	2.0
ArcelorMittal	1.5
Whitbread	1.5
Mitsubishi UFJ Financial	1.5
Cigna Corporation	1.4
Barrick Gold	1.4
Celgene Corporation	1.4
DowDuPont	1.2
ORIX	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	3.5
US Treasury 0.625% TIPS 2021	3.3
US Treasury 0.125% TIPS 2022	2.3

*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 £1,987.1m

Fund information

Ongoing Charges Figure	1.12
Maximum annual management fee (C class)	1.2
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£10,000,000
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 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 C cap LU0638557743 B45L1M4 EUR C cap LU0638557669 B4MRC58 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPB22 USD C dis LU0779208890 B8BHY81
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 28 February 2019, assets managed by the Ruffer Group exceeded £21.0bn.

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