

# Ruffer Total Return International

Positive returns with low volatility



C class January 2020 Issue 103

During January the fund price fell 2.0%. This compared with a fall of 3.3% in the FTSE All-Share Index and a rise of 3.5% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

We wrote last month how markets have seemingly become immune to negative news. This continued as 2020 began. The US assassination of Qassem Soleimani, a top general in the Iranian Revolutionary Guard, brought only a temporary hiccup. Despite the clear increase in geopolitical tensions, within days stock markets had recovered, the price of oil had retreated to its pre-attack levels and gold had fallen back to \$1,550. It would seem that the current administration in the United States is rewriting the rules that markets have known and evidently enjoyed for the past decades, yet investors remain unmoved.

Why did equity markets not flinch? Partial, if not full, responsibility, must reside with the actions of global central banks. Overwhelming any geopolitical fears was the support provided by the US Federal Reserve over the year end. They insist that this is 'not QE' but it looks a lot like it. These moves allowed strategists to draw similarities with the Fed's actions around the turn of the millennium. Therefore, the logic goes, there is more to come from October to December's stock market rally. Hopefully, we at Ruffer aren't the only ones who remember how that particular top ended.

These dynamics held until the last few days of January when suddenly there was one news event markets decided not to ignore. We are no epidemiologists but can see how the shutdown of factories, the hit to travel and tourism and the damage to already fragile global trade, might hinder the upward march of stocks. The rise in equity markets last year was driven almost exclusively by valuation expansion and came despite falling economic expectations and stalling profits. Further progress this year probably requires some form of earnings growth, something which may now be under threat, and when equity markets are priced for near perfection, vulnerabilities inevitably arise.

The authorities may or may not bring the virus under control and this may be another example of bad news that markets can look through. We at Ruffer do not try to pick the moment when bull markets end, in fact quite the opposite. By creating a portfolio split between growth and protection assets we try to remove as much timing from the equation as possible. If these worries blow over, our equities, focussed on the UK and Japan, are capable of driving decent returns as evidenced by the 8.5% outturn for 2019. If this is the moment when protection needs to take over, we are confident that our credit and volatility protections stand ready to act.

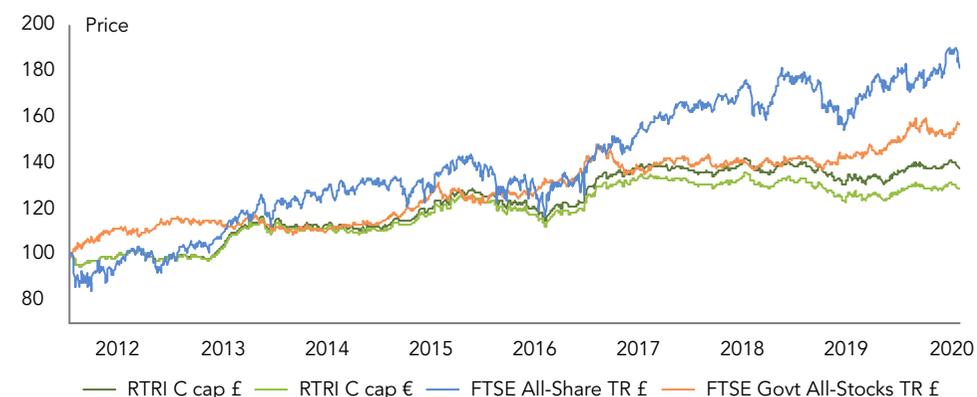
Please contact [investorday@ruffer.co.uk](mailto:investorday@ruffer.co.uk) if you would like to join our Ruffer Funds shareholder webinar on Thursday 27 February 2020.

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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 %	January 2020	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	-2.0	-2.0	2.4	-0.4	11.9

Percentage growth (C GBP cap)	%	Share price as at 31 January 2020	
31 Dec 2018 – 31 Dec 2019	8.1	C CHF capitalisation	123.92
31 Dec 2017 – 31 Dec 2018	-6.5	C EUR capitalisation	128.98
31 Dec 2016 – 31 Dec 2017	1.0	C EUR distribution	127.19
31 Dec 2015 – 31 Dec 2016	14.3	C GBP capitalisation	138.45
31 Dec 2014 – 31 Dec 2015	0.6	C GBP distribution	135.29
		C USD capitalisation	142.34
		C USD distribution	140.46

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 Jan 2020

## Asset allocation



## Currency allocation



### Asset allocation %

● Non-UK index-linked	21.0
● Long-dated index-linked gilts	9.1
● Cash	8.8
● Illiquid strategies and options	7.5
● Gold and gold equities	6.8
● Short-dated bonds	3.0
● Index-linked gilts	1.7
● UK equities	14.7
● Japan equities	11.6
● North America equities	10.4
● Europe equities	3.9
● Asia ex-Japan equities	1.8

### Currency allocation %

● Sterling	78.0
● Yen	10.4
● Gold	6.8
● Euro	1.5
● US dollar	0.3
● Other	3.0

## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	2.7
Walt Disney Company	2.0
Royal Bank of Scotland	2.0
Hennes & Mauritz	1.7
Fujitsu	1.7
Bristol-Myers Squibb	1.6
Tesco	1.5
ORIX Corporation	1.4
Sumitomo Mitsui Financial Group	1.3
Mitsubishi UFJ Financial Group	1.2

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	5.7
US Treasury 0.375% TIPS 2023	4.0
US Treasury TIPS 1.25% 2020	3.9
US Treasury 0.125% TIPS 2021	3.8
US Treasury 0.625% TIPS 2021	3.6

\*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 **£1,809.9m**

## 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 B4MRCS8 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPBZ2 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 31 December 2019, assets managed by the Ruffer Group exceeded **£19.8bn**.

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