

Ruffer Total Return International

Positive returns with low volatility



C class July 2020 Issue 109

During July, the fund price rose by 0.8%. This compared with a fall of 3.6% in the FTSE All-Share Index and an increase of 0.4% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

The political, economic, and societal crises rumble on. We are past the acute phase but sticking plasters mask the extent of any chronic damage. However, Sleeping Beauty, awaking from her slumber and perusing a copy of the Financial Times, might ask what all the fuss is about? Many markets have fully recovered. US stocks, sovereign bonds and investment grade credit are all now up on the year.

This has led to discussion of whether there is a 'disconnect' between the stock market and the economy. Bulls would say the market has been rational through this period as it draws a clear distinction between the best and the worst companies. Companies with pristine balance sheets are at all-time highs, those with weak balance sheets remain in the doldrums. Furthermore, the winning stocks are the ones which have benefitted from lockdown, the digital economy leaders and the predictable or subscription business models like Amazon, Peloton or Ocado.

What this implies is that investors are certain that there will be no return to perceived normality. If the market and the economy are going to come roaring back to normal in a 'v' recovery, it's unlikely to be Clorox (who make sanitiser) or Zoom who benefit most. These companies have become the new defensive assets – where investors go to feel safe. They have been highly correlated with bonds and gold. We are focusing more on recovery – Walt Disney, who can re-open their theme parks, or Aena, who operate Spanish airports.

If GDP growth picks up, the valuation premium granted to secure growth stocks becomes unwarranted. If GDP growth does not pick up then the economy is stuck in an extended slump and equities are probably the wrong asset class entirely. The latter scenario is where our portfolio protections would come into play – and we are beginning to dial these back up.

Meanwhile, the most important driver of markets in July was the emergence of US dollar weakness. The dollar index weakened by 4% providing some support to reflation and recovery. The US dollar has converged with the rest of the world at the zero lower bound and Chairman Powell has confirmed they are 'not even thinking about thinking about raising rates'.

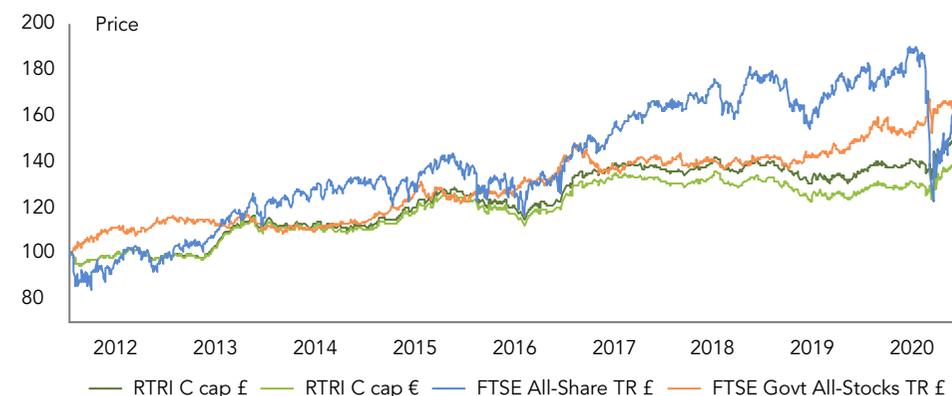
So perhaps it is not surprising that towards the end of the month gold soared to an all time high. Silver posted its strongest month on record. These have performed strongly since we added to our precious metal positions in March (adding 1.5% in July alone). The LF Ruffer Gold Fund is up 74% for 2020. We have trimmed these equities a little, but continue to run a large exposure at around 10% of the portfolio.

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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 %	July 2020	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	0.8	6.8	9.1	11.1	19.1

Percentage growth (C GBP cap)	%	Share price as at 31 July 2020
30 Jun 2019 – 30 Jun 2020	10.6	C CHF capitalisation 134.43
30 Jun 2018 – 30 Jun 2019	-2.8	C EUR capitalisation 140.08
30 Jun 2017 – 30 Jun 2018	1.3	C EUR distribution 138.14
30 Jun 2016 – 30 Jun 2017	8.4	C GBP capitalisation 150.89
30 Jun 2015 – 30 Jun 2016	-0.2	C GBP distribution 147.45
		C GBP income 141.62
		C USD capitalisation 155.97
		C USD distribution 153.91

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 Jul 2020

Asset allocation



Currency allocation



Asset allocation %

● Non-UK index-linked	21.5
● Gold and gold equities	11.0
● Long-dated index-linked gilts	9.9
● Illiquid strategies and options	9.2
● Short-dated bonds	8.4
● Cash	5.3
● Index-linked gilts	5.2
● Japan equities	7.8
● UK equities	7.3
● North America equities	6.0
● Europe equities	5.7
● Asia ex-Japan equities	1.3

Currency allocation %

● Sterling	75.8
● Gold	11.1
● US dollar	6.3
● Yen	3.8
● Euro	0.5
● Other	2.5

10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.2
Lloyds Banking Group	2.0
ArcelorMittal	1.4
Kinross Gold	1.4
Fujitsu	1.2
Hennes & Mauritz	1.1
Wheaton Precious Metals	1.1
Royal Bank of Scotland	1.1
ORIX Corporation	1.0
VINCI SA	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury 1.5% 2021	8.4
UK Treasury index-linked 0.125% 2068	6.3
UK Treasury index-linked 1.875% 2022	5.2
UK Treasury index-linked 0.375% 2062	3.6
US Treasury 0.875% TIPS 2029	3.4

*Excludes holdings in pooled funds

Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size **£1,984.4m**

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 30 June 2020, assets managed by the Ruffer Group exceeded £20.1bn.

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