

Ruffer Total Return International

Positive returns with low volatility



I class February 2019 Issue 92

During February, the fund price fell by 2.6%. This compared with a rise of 2.3% in the FTSE All-Share Index and a decline of 0.9% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

We are positioned to capture some of the bounce in markets, but we have not compromised on protection in order to achieve this. In January this was reasonably effective (+3%) but in February protective assets have been a drag on performance. Following recent meetings, we have decided to share our answers to some common questions.

Given your cautious outlook, why do you hold high-beta cyclical businesses? We have a low weighting to equities (41%). Their role is to make us money if we are wrong (or early) in having a cautious outlook and they need to punch hard to offset the cost of protective assets. A sustained rally in markets (not our core thesis) will be driven by supportive monetary policy or a stronger-for-longer economy – an environment where cyclical businesses will benefit most. This scenario is also likely to see an initial period of rising real interest rates, which would hurt index-linked bonds.

You have been concerned about credit markets – how will you benefit from that insight and why does it matter if I don't hold corporate bonds? We have exposure to credit default swaps, which will rise in value as credit spreads widen (ie investors price greater risk into corporate bonds). The rising tide of low interest rates and abundant liquidity over the last decade has led to a bonanza in corporate debt issuance as savers reached for yield. This tide is now receding. Many corporate bonds are illiquid and are held in vehicles promising daily or weekly liquidity; not a problem when flows are positive but deeply problematic when they reverse. A blow-up in corporate credit has wider implications – rising corporate borrowing costs will affect equity prices and the illiquidity of corporate bonds means that investors will turn to more liquid markets (equities) to de-risk if they cannot sell corporate bonds.

Why have you reduced exposure to Japanese equities? This was part of an overall reduction in equity exposure last year. The sales were focused on financial stocks as the biting point for global rates appears now to be lower than previously anticipated. However, the domestic story around Abenomics remains compelling. Corporate governance reforms and ROE targets are working. The most tangible impact has been rising dividends and share buybacks and we expect this to continue.

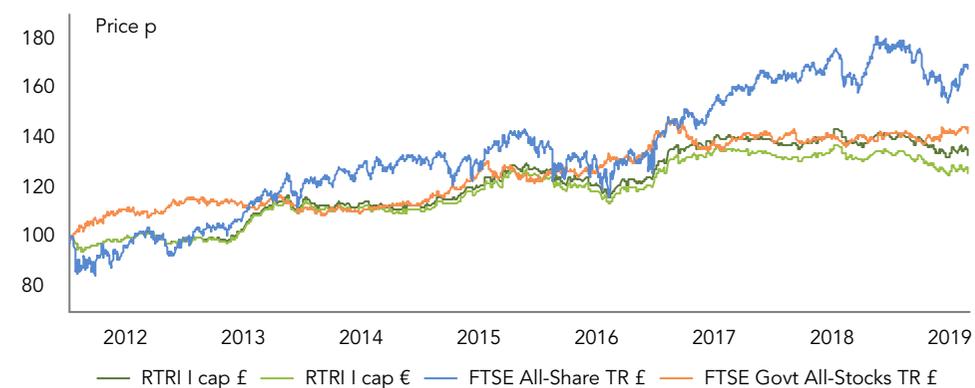
How has gold exposure changed in the last year? We increased exposure to bullion in July and then in September partially switched into gold miners. Both of these changes had a positive impact as the initial rise in the gold price was followed by a period of M&A in the sector.

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, Finland, France, Germany, Ireland, Italy (qualified investors only), Luxembourg, the Netherlands, Portugal, Singapore (institutional and accredited investors only), Spain, Sweden, Switzerland (qualified investors only) and the UK. The fund's prospectus is provided in English; Key Investor Information Documents are provided in Dutch, English, French, German, Italian, Portuguese, Spanish and Swedish and are available on request or from www.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.

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 %	February 2019	Year to date	1 year	3 years	5 years
I GBP capitalisation shares	-2.6	0.8	-4.3	11.3	17.7

Percentage growth (I GBP cap)	%	Share price as at 28 February 2019	p
31 Dec 2017 – 31 Dec 2018	-6.3	I EUR capitalisation	125.99
31 Dec 2016 – 31 Dec 2017	1.2	I CHF capitalisation	121.54
31 Dec 2015 – 31 Dec 2016	14.5	I USD capitalisation	135.41
31 Dec 2014 – 31 Dec 2015	0.8	I GBP distribution	130.59
31 Dec 2013 – 31 Dec 2014	6.2	I SEK capitalisation	127.37
		I USD distribution	133.31
		I CAD capitalisation	110.68
		I SGD capitalisation	110.41

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 28 Feb 2019

Asset allocation



Asset allocation %

● Non-UK index-linked	27.7
● Long-dated index-linked gilts	13.8
● Gold and gold equities	7.7
● Illiquid strategies and options	7.4
● Index-linked gilts	1.6
● Cash	1.3
● North America equities	12.5
● UK equities	10.9
● Japan equities	10.1
● Europe equities	4.0
● Asia ex-Japan equities	3.1

Currency allocation %

● Sterling	74.4
● Gold	7.5
● US dollar	7.4
● Yen	4.9
● Euro	2.8
● Other	3.1

Currency allocation



10 largest of 49 equity holdings*

Stock	% of fund
Walt Disney Company	2.3
Tesco	2.1
Whitbread	1.7
Cigna Corporation	1.6
Mitsubishi UFJ Financial	1.5
Royal Bank of Scotland	1.4
ArcelorMittal	1.3
Barrick Gold	1.2
ORIX	1.2
Celgene Corporation	1.2

5 largest of 17 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.5
UK Treasury index-linked 0.375% 2062	6.3
US Treasury 0.375% TIPS 2023	4.2
US Treasury 0.125% TIPS 2021	3.4
US Treasury 0.625% TIPS 2021	3.2

*Excludes holdings in pooled funds

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

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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 £1,990.6m

Fund information

Ongoing Charges Figure*	0.94
Maximum annual management fee (I class)	1.0
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£30m
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 first business 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	Currency	Cap	ISIN	ISIN
EUR	I cap	LU0638558394	B4LVH08	
CHF	I cap	LU0638558477	B4QLM86	
USD	I cap	LU0638558550	B4L04N7	
GBP	I dis	LU0779209195	B8BHYH0	
SEK	I cap	LU0923103534	B94R6P6	
USD	I dis	LU0955560437	BCDYZK7	
CAD	I cap	LU1296766634	BYSW6J6	
SGD	I cap	LU1400661093	BD2YGL3	
AUD	I cap	LU1534125882	BDRKVG6	

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.

* As at 22 Jan 2018.

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.

† © FTSE 2019. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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 January 2019, assets managed by the Ruffer Group exceeded £21.1bn.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London SW1E 5JL www.ruffer.co.uk

Notice for Investors in Switzerland: Ruffer SICAV has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). Any offering materials relating to Ruffer SICAV may be made available in Switzerland solely to Qualified Investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended. Ruffer SICAV's prospectus, KIIDs, articles of association and the annual and semi-annual reports are available free of charge at the office of the Swiss representative: FundPartner Solutions (Suisse) S.A., Route des Acacias 60 CH - 1211 Geneva 73. Ruffer SICAV's paying agent in Switzerland is Banque Pictet & Cie S.A. of the same address. Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2019