

# Ruffer Total Return International

Positive returns with low volatility



I class July 2019 Issue 97

During July, the fund price rose by 2.2%. This compared with a rise of 2.0% in the FTSE All-Share Index and an increase of 2.1% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

For the last two months, we have witnessed a rising tide that has floated (almost) all boats. Index-linked bonds, equities and gold all rose in value. Credit protection and options acted as a small drag on returns reassuring us that this part of the portfolio will perform (as it did at moments in 2018) if the tide turns.

In this topsy-turvy world, it was deteriorating news on the economy that resulted in the latest leg-up in asset prices. Recession fears have put pressure on the US Federal Reserve and the European Central Bank to cut interest rates and restart stimulus programs. As well as pushing up most asset prices, this has also resulted in a record number of bonds trading at negative yields (\$14tn and counting). Investors and savers now have to pay the borrower for the privilege of lending money. Welcome to the world of NIRP (negative interest rate policy).

The fear that stalks central banks is low and persistent deflation – when interest rates reach the zero bound it becomes harder for central banks to stimulate the economy because their main tool (control of nominal interest rates) loses its potency. Their options are either to expand unconventional measures (think quantitative easing et al) in order to push down real interest rates or ask politicians for fiscal stimulus. We are currently seeing the former in action.

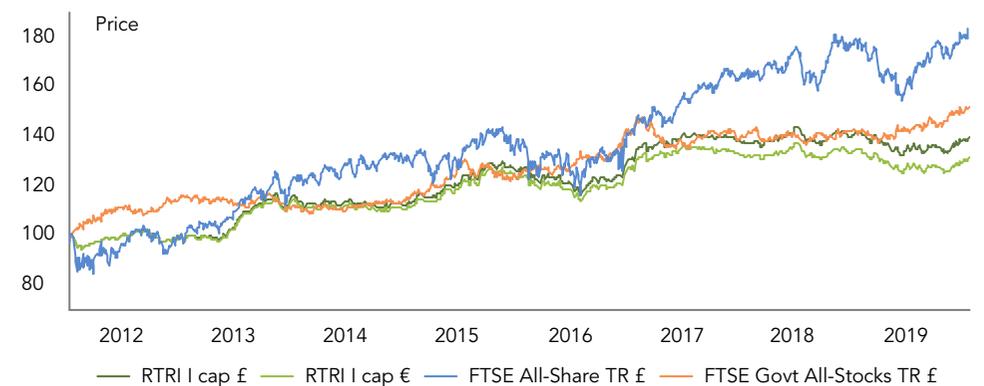
To guide our shareholders through this upside-down world we must keep our eyes firmly on the horizon. The most dangerous words in the investment world are ‘this time it’s different’ – it rarely is, but of course it can be until it isn’t! Things can go on longer than seems logical, but can also unwind quickly and the herding in markets at present makes this highly likely. Central banks may overshoot and be forced to tighten as inflationary pressures pick up (much like late 2017 and early 2018). Alternatively there could be an exogenous shock to markets (no shortage of candidates there – trade, Middle East tensions, Brexit) while fundamentals remain weak. The latter is the more proximate risk because markets may conclude that while central banks can pump up asset prices in the short term they are impotent when it comes to reviving the economy. What instruments do you want to hold for this sea change? Credit protection (held through credit default swaps for us) have a role to play, as do the real assets of index-linked bonds and gold in case central banks overshoot. If the party continues then equities will drive our returns. We have made a positive return so far this year with plenty of protection in place, but there will be tougher times ahead.

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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 2019	Year to date	1 year	3 years	5 years
I GBP capitalisation shares	2.2	6.0	-1.1	6.1	23.5

Percentage growth (I GBP cap)	%	Share price as at 31 July 2019
30 Jun 2018 – 30 Jun 2019	-2.6	I EUR capitalisation 131.69
		I CHF capitalisation 126.80
30 Jun 2017 – 30 Jun 2018	1.5	I USD capitalisation 143.40
30 Jun 2016 – 30 Jun 2017	8.6	I GBP distribution 137.26
30 Jun 2015 – 30 Jun 2016	0.0	I SEK capitalisation 133.26
30 Jun 2014 – 30 Jun 2015	12.9	I USD distribution 141.18
		I CAD capitalisation 116.74
		I SGD capitalisation 116.59

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 2019

## Asset allocation



## Currency allocation



### Asset allocation %

● Non-UK index-linked	14.9
● Long-dated index-linked gilts	14.7
● Short-dated bonds	8.4
● Gold and gold equities	7.9
● Illiquid strategies and options	7.6
● Cash	3.3
● Index-linked gilts	1.6

● North America equities	15.7
● Japan equities	11.0
● UK equities	7.5
● Europe equities	5.2
● Asia ex-Japan equities	2.3

### Currency allocation %

● Sterling	74.4
● Gold	8.0
● Yen	7.5
● US dollar	3.5
● Euro	3.4
● Other	3.2

## 10 largest of 55 equity holdings\*

Stock	% of fund
Walt Disney Company	2.9
Celgene Corporation	2.3
Cigna Corporation	1.7
Tesco	1.6
ArcelorMittal	1.4
National Oilwell Group	1.3
ORIX	1.3
Mitsubishi UFJ Financial Group	1.2
Vivendi	1.1
Sony	1.1

## 5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.6
UK Treasury index-linked 0.375% 2062	7.1
US Treasury 0.125% TIPS 2021	3.8
US Treasury 0.625% TIPS 2021	3.5
US Treasury 0.125% TIPS 2022	2.5

\*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 £2,004m

## Fund information

	%
Ongoing Charges Figure	0.93
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	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.

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 2019, assets managed by the Ruffer Group exceeded £20.7bn.

## Enquiries

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