

Ruffer Total Return International

Positive returns with low volatility



I class October 2019 Issue 100

During October, the fund price was down 0.7%. This compared with a fall of 1.4% in the FTSE All-Share Index and a fall of 1.8% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

October saw a continuation of many of the trends from September. The storm clouds that had gathered over the summer months continued to clear, even if only temporarily. There now appears to be a path to a Brexit deal, Presidents Xi and Trump appear to be making headway in trade negotiations and the US Federal Reserve is providing enough liquidity to markets. This resulted in a positive return for most asset classes, depending on their base currency. The outcome was markedly different for the sterling investor, with the pound's appreciation of 5% creating a significant headwind.

Despite this improvement in sentiment, many market participants remain almost certain we are heading into a global recession. The New York Federal Reserve calculates the bond market apportion a 40% probability of a recession – the same reading as in 2007/2008. Should recessionary fears prove founded, bonds will help, but not much, gold may prove better. Defensive equities may assist, but they are already expensive. We believe the answer lies in the unconventional assets in the portfolio, the strategies that are designed to appreciate in value if real cracks are seen in the economy and thus provide meaningful protection against economic recession. This underlines our determination genuinely to protect clients' capital, even though holding such assets can sometimes feel uncomfortable. In the meantime, and while we wait, we must consider the possibility the world does not tip into recession, or does so only briefly. It is here the portfolio's equities – many of them out of favour merely for the sin of doing business in the real economy – will play a strong role as their reliable cashflows come back into favour.

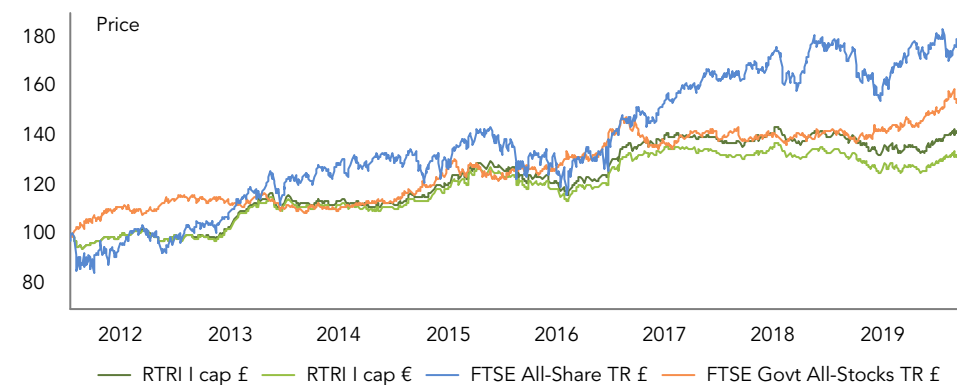
Closer to home, with a Brexit deal negotiated and an imminent election, it is possible UK-specific risks could clear abruptly. This has informed our recent increase in domestic UK equities: absent political noise sterling would likely continue to strengthen, and global bond yields may continue to rise. Equities (such as British Land, Lloyds or ITV) will no longer carry a leper's bell, and will have the added advantage of protecting the inflation-linked bonds in 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 %	October 2019	Year to date	1 year	3 years	5 years
I GBP capitalisation shares	-0.7	5.8	1.9	1.2	19.8

Percentage growth (I GBP cap)	%	Share price as at 31 October 2019
30 Sep 2018 – 30 Sep 2019	0.4	I EUR capitalisation 131.05
30 Sep 2017 – 30 Sep 2018	2.4	I CHF capitalisation 126.03
30 Sep 2016 – 30 Sep 2017	1.3	I USD capitalisation 143.72
30 Sep 2015 – 30 Sep 2016	11.5	I GBP distribution 137.07
30 Sep 2014 – 30 Sep 2015	4.8	I SEK capitalisation 132.73
		I USD distribution 141.49
		I CAD capitalisation 116.82
		I SGD capitalisation 116.71

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 Oct 2019

Asset allocation



Currency allocation



Asset allocation	%
● Non-UK index-linked	17.0
● Cash	9.2
● Long-dated index-linked gilts	8.8
● Illiquid strategies and options	8.6
● Gold and gold equities	6.6
● Short-dated bonds	6.4
● Index-linked gilts	1.7
● North America equities	14.9
● UK equities	10.4
● Japan equities	8.9
● Europe equities	5.1
● Asia ex-Japan equities	2.3
Currency allocation	%
● Sterling	80.0
● Yen	6.9
● Gold	6.6
● Euro	2.7
● Other	3.8

10 largest of 54 equity holdings*

Stock	% of fund
Celgene Corporation	3.3
Walt Disney Company	2.0
Hennes & Mauritz	1.7
Fujitsu	1.4
Tesco	1.4
ORIX Corporation	1.3
National Oilwell Varco	1.3
Cigna Corporation	1.1
ArcelorMittal	1.1
Mitsubishi UFJ Financial Group	1.0

5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	5.5
US Treasury TIPS 1.25% 2020	3.9
US Treasury 0.125% TIPS 2021	3.8
US Treasury 0.625% TIPS 2021	3.6
UK Treasury index-linked 0.375% 2062	3.3

*Excludes holdings in pooled funds

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

Fund size **£1,836m**

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)				£25m
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 September 2019, assets managed by the Ruffer Group exceeded £20.4bn.

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