

Ruffer Total Return International

Positive returns with low volatility

During March, the fund price rose by 2.4%. This compared with a fall of 15.1% in the FTSE All-Share Index and an increase of 1.4% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Lenin mused that ‘there are decades where nothing happens; and there are weeks where decades happen’. March had four such weeks. Unprecedented economic uncertainty, further intensified by a Russia-Saudi oil war, drove market volatility unseen since the Great Depression. March marked the end of history’s longest US equity bull market with the fastest ever decline into a bear market. The fund’s derivative protections proved critical, blunting equity losses: we sold the VIX calls (adding +2.7% for the fund during March) and (most) equity put options (+1.4%); credit spreads blew out in Europe and the US lifting our credit protections (+5.3%). These fell back marginally as the US Federal Reserve waded into corporate bond markets, but credit remains exposed and the focus of our remaining alternative protections. Gold and gold mining equities fell with stocks as many investors sold what they could, not what they wanted to. By contrast, capital preservation has allowed us to acquire mispriced assets amidst the volatility. Fixed income gyrations allowed us to add long-dated US TIPS (+20% since purchase) at attractive yields. The Fed and fellow central banks need to anchor yield curves to reduce real rates of borrowing to make the debt splurge affordable. Given the ‘wartime’ scale of economic dislocation, actual fiscal stimulus required will likely far exceed that already declared. Yet ‘buy the dip’ remains a powerful instinct. Is proposed stimulus enough to allow markets to stabilise, ‘looking through’ to a post-virus era? With the depth and duration of record economic disruption unknowable but increasingly visible, and in the absence of a magic bullet (eg vaccine), further volatility is likely and risks accelerating an investor preference for liquidity. Should markets sustain a rally, long TIPS and gold mining equities mean that the fund’s ‘risk’ assets are materially higher than the c 27% equity weight suggests. Central banks are throwing the kitchen sink at the crisis, but their omnipotence is another COVID-19 victim. On Sunday 15 March, the Fed cut rates to zero and unleashed massive quantitative easing. Markets fell sharply the following day. This was the Fed’s ‘emperor has no clothes’ moment, and signalled the end of the post-1987 ‘Greenspan put’ era, where monetary easing alone repeatedly bailed out fragile markets. Game-changing ‘helicopter money’ – central bank financing of direct fiscal stimulus into the real economy – has arrived. Our bet remains that deeper financial repression will result, with inflation-linked bonds and gold the key fund defences.

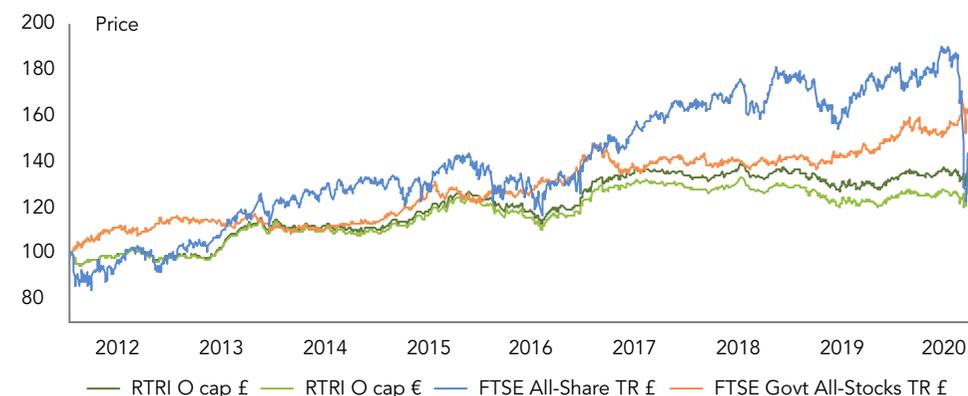
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Investment objective

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 %	March 2020	Year to date	1 year	3 years	5 years
O GBP capitalisation shares	2.4	-1.9	3.2	-0.9	8.5

Percentage growth (O GBP cap)	%	Share price as at 31 March 2020
31 Mar 2019 – 31 Mar 2020	3.2	O CHF capitalisation 120.54
31 Mar 2018 – 31 Mar 2019	-2.1	O EUR capitalisation 125.50
31 Mar 2017 – 31 Mar 2018	-1.9	O GBP capitalisation 134.89
31 Mar 2016 – 31 Mar 2017	13.1	O USD capitalisation 139.21
31 Mar 2015 – 31 Mar 2016	-3.3	

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 Mar 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	23.8
Short-dated bonds	13.4
Illiquid strategies and options	14.8
Gold and gold equities	8.7
Long-dated index-linked gilts	8.5
Index-linked gilts	2.7
Cash	0.1

Currency allocation



Currency allocation	%
Sterling	73.1
Yen	11.3
Gold	8.5
US dollar	3.7
Euro	1.3
Other	2.0

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.3
Fujitsu	1.5
Newmont Mining	1.5
Cigna Corporation	1.5
Royal Bank of Scotland	1.2
Hennes & Mauritz	1.1
iShares Physical Gold	1.1
ORIX Corporation	1.1
Hoya	1.0
Tesco	1.0

5 largest of bond holdings

Stock	% of fund
UK government 2.0% TIPS 2020	8.9
UK Treasury index-linked 1.5% 2021	5.5
UK Treasury index-linked 0.125% 2068	5.3
US Treasury 0.25% TIPS 2050	3.9
US Treasury 0.875% TIPS 2029	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 £1,830.6m

Fund information

Ongoing Charges Figure	1.43
Maximum annual management fee (O class)	1.5
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£1,000
O share classes	Capitalisation only (equivalent to accumulation)
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 O cap LU0638558808 B4R1SD2 EUR O cap LU0638558717 B42NV78 GBP O cap LU0638558634 B41Y053 USD O cap LU0638558980 B449LX0
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 29 February 2020, assets managed by the Ruffer Group exceeded £19.1bn.

Enquiries

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

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