

Ruffer Total Return International

Positive returns with low volatility



○ class January 2021 Issue 115

During January, the fund price fell by 0.4%. This compared with a fall of 0.8% in the FTSE All-Share index and a fall of 1.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

In our December report we opined that the market consensus expected the combination of ongoing fiscal largesse and vaccine-induced economic re-opening would continue to drive another positive year for stocks and a rotation from 'growth' to 'value'. Catalysed by the Georgia senate elections, which seemingly gave US President Joe Biden an unencumbered path to huge further spending, the rotation continued and equity markets reached yet higher all-time highs by the middle of the month. We used this backdrop to take profits in some of our more economically sensitive names preferring more defensive businesses, such as healthcare, in the short term. Over the subsequent two weeks, the reality of 'gray rhinos' (large, known but unaddressed risks) moved back into plain sight. Whilst the vaccines continued to show the efficacy that we had all hoped for, inevitable complications have arisen in their distribution and this called into question the smooth re-opening that markets had begun to price in. Strangely, having botched much of the virus response, the UK is looking to be amongst the world leaders in vaccine distribution. This gives hope for a relatively faster domestic re-opening, even if borders take longer to follow suit.

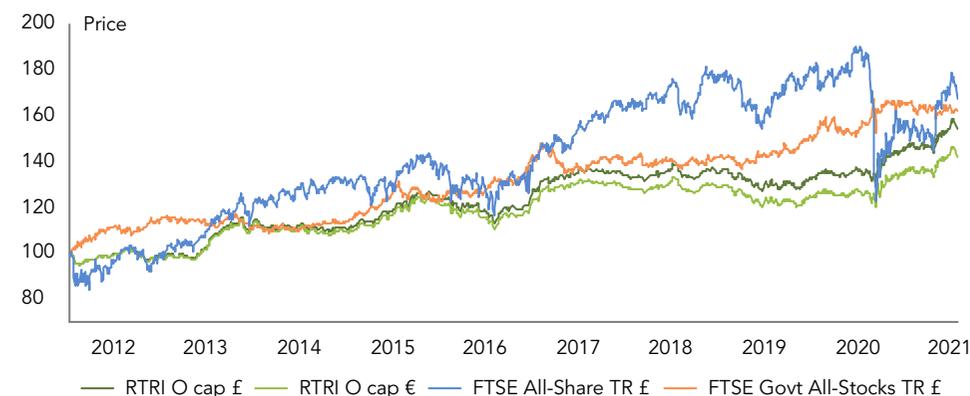
A weakening US dollar has been one of the drivers behind the performance of equity markets in recent months. If we see a return to US exceptionalism, at least in an economic sense, then this trend might pause. This in part reinforces the increase we made to the US dollar position at the end of 2020 and why we have avoided letting our equity weighting drift higher.

The last week of January saw some extraordinary individual share price action as retail investors ganged up to target individual equities where hedge funds held large short positions. The David and Goliath nature of the story has captured the imagination of the press but taking a step back it reveals some more interesting insights into market dynamics. The appearance of retail investors at the party is often a harbinger of over-exuberant markets and many previous bubbles have coincided with an increase in investors (or should that be speculators) trading on margin – the equivalent here has been the ease of access for retail players to options and other derivative instruments. These events also show that when there is ample liquidity available (cheques dropping through the letterbox) and no way to spend it then geysers will emerge. It is perhaps instructive as to how consumers will behave when lockdown is lifted.

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



○ GBP capitalisation shares	Performance %	Share price as at 31 January 2021
January 2021	-0.4	○ CHF capitalisation 137.00
Year to date	-0.4	○ EUR capitalisation 142.88
1 year	14.6	○ GBP capitalisation 154.38
3 years	13.2	○ USD capitalisation 159.99
5 years	31.8	

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.

12 month performance to December %	2016	2017	2018	2019	2020
RTRI O cap £	13.9	0.7	-6.7	7.8	12.7
RTRI O cap €	12.6	-0.3	-7.8	6.3	11.9
FTSE All-Share TR £	16.8	13.1	-9.5	19.2	-9.8
FTSE Govt All-Stocks TR £	10.1	1.8	0.6	6.9	8.3

Source: Ruffer LLP, FTSE International (FTSE) †

Ruffer Total Return International as at 31 Jan 2021

Asset allocation



Asset allocation %

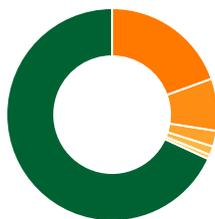
Non-UK index-linked	18.4
Illiquid strategies and options	9.7
Long-dated index-linked gilts	8.3
Gold and gold equities	7.6
Cash	7.3
Index-linked gilts	7.1

UK equities	13.5
North America equities	11.5
Japan equities	8.5
Europe equities	5.8
Asia ex-Japan equities	2.2

Currency allocation %

Sterling	68.1
US dollar	19.6
Gold	7.7
Yen	1.4
Euro	0.6
Other	2.6

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	3.2
Lloyds Banking Group	2.2
Barclays	1.4
Charles Schwab	1.3
NatWest Group	1.3
Ambev SA	1.3
Centene	1.2
Vinci	1.1
Tesco	1.1
Bristol-Myers Squibb	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.1
UK Treasury index-linked 0.125% 2068	5.3
US Treasury 0.625% TIPS 2021	3.4
US Treasury 0.875% TIPS 2029	3.1
UK Treasury index-linked 0.375% 2062	2.9

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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Fund size £2,384.1m

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.

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

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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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