

Ruffer Total Return International

Positive returns with low volatility



C 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.

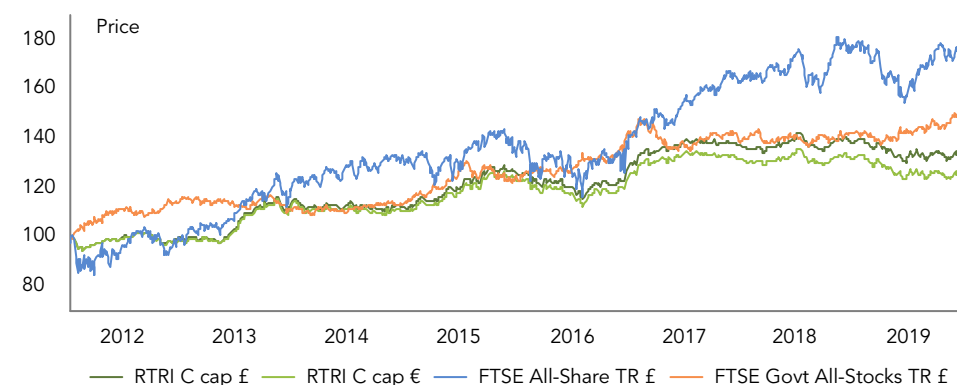
To guide our shareholders through this upside-down world we must keep our eyes firmly on the horizon. The most dangerous words in the investment world are ‘this time it’s different’ – it rarely is, but of course it can be until it isn’t! Things can go on longer than seems logical, but can also unwind 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.

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 %	July 2019	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	2.2	5.9	-1.3	5.5	22.4

Percentage growth (C GBP cap)	%	Share price as at 31 July 2019
30 Jun 2018 – 30 Jun 2019	-2.8	C CHF capitalisation 124.90
		C EUR capitalisation 129.71
30 Jun 2017 – 30 Jun 2018	1.3	C EUR distribution 127.93
		C GBP capitalisation 138.31
30 Jun 2016 – 30 Jun 2017	8.4	C GBP distribution 135.20
		C GBP income 131.27
30 Jun 2015 – 30 Jun 2016	-0.2	C USD capitalisation 141.24
		C USD distribution 139.39

Source: Ruffer LLP, FTSE International (FTSE) †

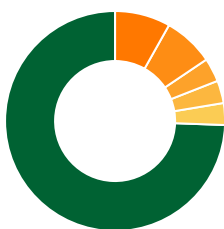
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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.

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 £2,004m

Fund information

Ongoing Charges Figure	1.12
Maximum annual management fee (C class)	1.2
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£10,000,000
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 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 C cap LU0638557743 B45L1M4 EUR C cap LU0638557669 B4MRC58 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPB22 USD C dis LU0779208890 B8BHY81
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.

† © 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 30 June 2019, assets managed by the Ruffer Group exceeded £20.7bn.

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