

Ruffer Total Return International

Positive returns with low volatility



I class February 2020 Issue 104

During February, the fund price fell by 2.1%. This compared with a fall of 8.9% in the FTSE All-Share Index and a rise of 1.3% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

February proved to be the month when concerns over coronavirus truly went global. With cases emerging in countries as far apart as Italy and Iran the illusion was shattered that this was an infection limited to China. With concerns growing about global supply chains and the availability of labour in China's factories, investors moved to price in lower growth and an increased risk of recession. Equity markets tumbled while safe havens, such as government bonds, registered gains. Gold had a wild ride, reaching \$1659 per ounce before ending the month unchanged at \$1585 per ounce.

We have been concerned for some time that equity and credit markets were priced for perfection, and that any one of several factors could expose their underlying fragilities. If economic growth slows, let alone a recession occurs, then profits go into reverse. The recent enormous rise in corporate debt, typically executed to fund share buybacks rather than investment in productive assets, will then be thrown into sharper relief. In a month when even the fund's prudent equity exposure proved in hindsight to be still too much, its credit protections stepped forward and rose around 15%. Owing to how these instruments are priced not all of that increase was captured in the fund's month end NAV, but we are very confident that if market conditions darken further these instruments will provide substantial gains, at a time when other assets will struggle. Ultimately it is the credit market that the US Federal Reserve (and equity investors) should be fearful of if growth continues to slow.

We are not inclined to buy the dip, even after the sharp drop in equities. We have no greater forecasting power than the next man in terms of the spread of coronavirus, but viewing the slump in the official Chinese purchasing managers' indices, which in February hit levels even lower than those registered in the financial crisis, certainly provides food for thought.

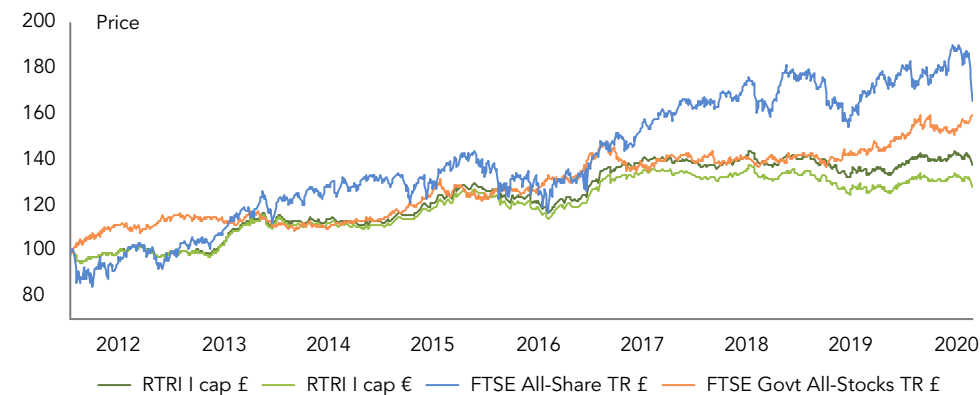
The world's authorities will undeniably do their best to keep the economic system afloat, witness the emergency intra-meeting cut of 0.5% in US interest rates by the Federal Reserve, although it must be pointed out that the performance of risk assets following such cuts has historically been decidedly mixed. Moreover monetary firepower is running low, most especially in the eurozone and Japan. For that reason, and for those of political economy, the response to the next financial or economic downturn will have to be fiscal, against which eventuality the fund's UK index-linked bonds are key should inflation expectations consequently rise.

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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 %	February 2020	Year to date	1 year	3 years	5 years
I GBP capitalisation shares	-2.1	-4.1	3.1	-1.9	9.8

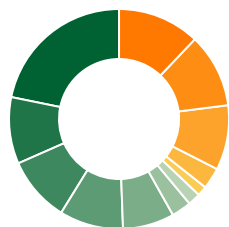
Percentage growth (I GBP cap)	%	Share price as at 29 February 2020
31 Dec 2018 – 31 Dec 2019	8.3	I EUR capitalisation 128.18
31 Dec 2017 – 31 Dec 2018	-6.3	I CHF capitalisation 123.13
31 Dec 2016 – 31 Dec 2017	1.2	I USD capitalisation 141.66
31 Dec 2015 – 31 Dec 2016	14.5	I GBP distribution 134.21
31 Dec 2014 – 31 Dec 2015	0.8	I SEK capitalisation 129.91
		I USD distribution 138.86
		I CAD capitalisation 115.05
		I SGD capitalisation 114.92

Source: Ruffer LLP, FTSE International (FTSE) †

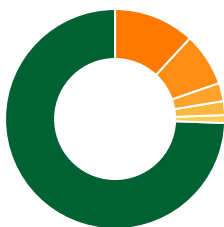
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 29 Feb 2020

Asset allocation



Currency allocation



Asset allocation %

● Non-UK index-linked	21.8
● Cash	9.8
● Illiquid strategies and options	9.5
● Long-dated index-linked gilts	9.5
● Gold and gold equities	7.5
● Short-dated bonds	3.0
● Index-linked gilts	1.7

● UK equities	12.2
● North America equities	10.8
● Japan equities	9.5
● Europe equities	3.1
● Asia ex-Japan equities	1.6

Currency allocation %

● Sterling	74.5
● Yen	11.9
● Gold	7.7
● US dollar	1.9
● Euro	1.2
● Other	2.8

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.4
Royal Bank of Scotland	1.8
Fujitsu	1.7
Walt Disney Company	1.6
ORIX Corporation	1.4
Synchrony Financial	1.3
Hennes & Mauritz	1.3
Tesco	1.2
iShares Physical Gold	1.1
Whitbread	1.0

5 largest of bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	5.9
US Treasury 0.375% TIPS 2023	4.2
US Treasury TIPS 1.25% 2020	4.1
US Treasury 0.125% TIPS 2021	3.9
US Treasury 0.625% TIPS 2021	3.7

*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 **£1,804.1m**

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 31 January 2020, assets managed by the Ruffer Group exceeded £19.5bn.

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