

Ruffer Total Return International

Positive returns with low volatility

The Federal Reserve, the IMF, the Bank of England and Goldman Sachs amongst others have moved their forecasts to suggest a soft landing, or no landing, is the most likely outcome for the global economy. A new, rosier narrative has emerged: that a recession will be avoided, and immaculate disinflation has been achieved vindicating market bulls and central bankers alike. The Nasdaq is up 37% year to date, performance to rival the dot.com boom.

This looks to us like a prime example of price action driving the narrative. Markets think a recession can be avoided because markets are going up. However, economic fundamentals continue to weaken with a reduced availability of credit, visible cracks in a previously strong labour market, and other key leading indicators such as manufacturing survey data are now in recessionary territory. Meanwhile, monetary conditions continue to tighten as global central banks raise rates and quantitative tightening (QT) continues apace. We believe that both the economy and financial ecosystem are conditioned to low interest rates and are incapable of enduring interest rates in excess of 5%.

At the same time, real yields are dramatically increasing – now as high as 3% on two year US inflation protected bonds. We have previously focused on the speed at which real yields have risen, as a guide to market fragility. This year real yields have risen slowly, but inexorably, and we think the second half of 2023 will be about discovering where the biting point is. If history is our guide, it is close.

In July, the rise in global real yields hurt inflation linked bonds. The mix of derivative protections were also a small drag. These were more than offset by our oil exposure, the biggest risk-on asset in the portfolio, which rose 14% in the month in response to further OPEC supply cuts.

On the penultimate day of the month the Bank of Japan ended their yield curve control policy. The news was met with a pop rather than a bang – the yen didn't move much. However, that pop was the starting pistol for something bigger. We have considerable exposure to the yen, directly and via derivatives, and believe these positions have a long way to run. The end of extreme monetary policy divergence, forcing all weakness through the currency, should see a material strengthening in the yen. Japanese government bond yields floating higher may be the final anchor to slip loose on global duration, which will have ripples across other capital markets.

The surge in risk appetite from the presumed economic 'all clear' has allowed credit spreads to tighten, equity market puts have become cheaper still, and equity volatility (measured by the VIX) has now fallen back to pre-covid levels. Having cost the portfolio year to date, these protections are now highly attractive and, usually, tend to be most advantageous when nobody wants them.

The overarching message to our investors is that we have been here before, and that feeling uncomfortable is sometimes necessary for differentiated results. We retain a high level of conviction that the portfolio is correctly positioned given the environment we see and hope to deliver on the patience and faith shown in us by our investors this year.

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. Future performance is subject to taxation which depends on each investor's personal situation, and may be subject to change in the future.



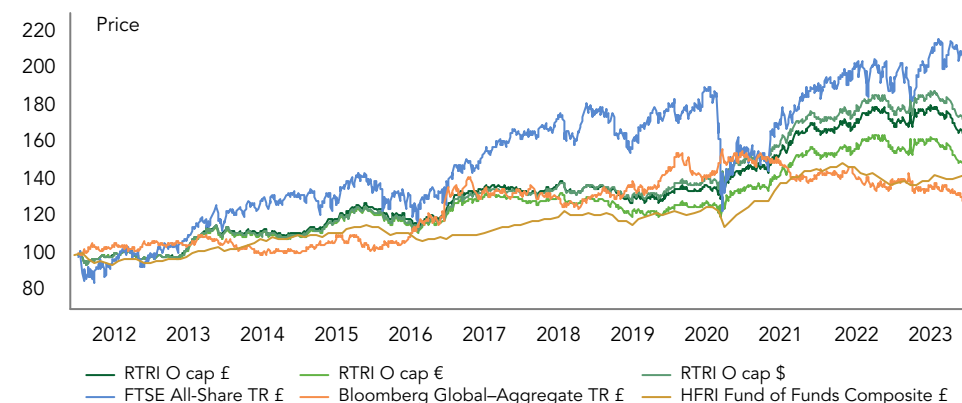
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Investment objective

The investment objective of the Ruffer Total Return International ('the fund') is to achieve low volatility, positive returns 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). Overriding this objective is a fundamental philosophy of capital preservation. Investors should note that there can be no assurance that the investment objective will be achieved.

Performance since fund launch on 14 July 2011

Past performance does not predict future returns



Performance O cap shares %	GBP	EUR	USD	Share price as at 31 July 2023				
July 2023	0.4	0.2	0.4	O CHF Capitalisation	1.4076			
Year to date	-7.2	-8.1	-6.9	OI EUR Capitalisation	1.4902			
1 year	-3.8	-5.4	-3.0	O EUR Capitalisation	1.4888			
3 years	13.1	9.4	14.6	O GBP Capitalisation	1.6580			
5 years	21.0	14.3	26.2	O USD Capitalisation	1.7360			
10 years	46.6	33.1	54.3	OI USD Capitalisation	1.7374			
12 month performance to June %				2019	2020	2021	2022	2023
RTRI O cap £				-3.1	10.2	14.9	2.8	-3.9
RTRI O cap €				-4.4	9.1	14.1	1.9	-5.5
RTRI O cap \$				-1.5	11.7	15.3	3.0	-3.1
FTSE All-Share TR £				0.6	-13.0	21.5	1.6	7.9
Bloomberg Global-Aggregate TR £				9.8	7.4	-8.2	-3.6	-5.7
HFRI Fund of Funds Composite £				4.9	3.5	5.8	7.5	-0.9

Source: Ruffer LLP, FTSE International, Bloomberg, Hedge Fund Research Inc. The comparator benchmarks shown in this document is as stated in the fund's prospectus.

Ruffer Total Return International as at 31 Jul 2023

Asset allocation



Asset allocation	%
● Short-dated bonds	27.9
● Cash	14.5
● Non-UK index-linked	13.6
● Long-dated index-linked gilts	8.4
● Gold exposure and gold equities	5.5
● Index-linked gilts	5.5
● Illiquid strategies and options	2.0
● Commodity exposure	8.2
● UK/Europe equities	7.7
● North America equities	3.7
● Asia ex-Japan equities	2.5
● Other equities	0.5

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

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10 largest equity holdings*

Stock	% of fund
iShares MSCI China A UCITS ETF	1.1
BP	0.9
Alibaba Group Holding	0.8
Ryanair	0.7
Bayer AG	0.6
Taiwan Semiconductor Manufacturing Co	0.6
Ambev SA	0.5
Glencore	0.4
Cigna	0.4
Vallourec	0.3

5 largest bond holdings

Stock	% of fund
US Treasury 0.625% TIPS 2024	6.0
UK Treasury index-linked 2.5% 2024	4.7
US Treasury FRN 31 Oct 2024	4.5
Australian govt bonds 2.75% 2024	3.6
US Treasury 0.125% TIPS 2052	3.5

*Excludes holdings in Ruffer funds

Fund size £5,286.6m €6,169.3m

Fund information

Ongoing Charges Figure	1.55
Maximum annual management fee (O class)	1.5
Annual management fee	1.4
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 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	CHF O cap LU0638558808 B4R1SD2 EUR OI cap LU2252564898 BMYP2W0 EUR O cap LU0638558717 B42NV78 GBP O cap LU0638558634 B41Y053 USD O cap LU0638558980 B449LX0 USD OI cap LU2252564971 BMYP2X1
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.

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Fund Manager

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 CISI. He is co-manager of two of Ruffer's flagship funds.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 June 2023, assets managed by the Ruffer Group exceeded £24.6bn.

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