

# Ruffer Total Return International

Positive returns with low volatility



I class October 2021 Issue 124

During October, the fund price rose by 1.6%. This compared with a rise of 1.8% in the FTSE All-Share index and a rise of 2.2% in the FTSE Govt All Stocks index (all figures total returns in sterling).

The last two months represent a good outcome for performance – we held our own in September as equity and bond markets fell in tandem, and then captured the bounce in October. Performance in October was driven by inflation-focused assets – particularly gold, energy companies and inflation-linked bonds.

The policy landscape is shifting. In the last week of October there was a whiff of panic amongst fixed income investors. Short yields rose sharply as fears mounted that central bankers are behind the curve in tackling inflation. This led to some extraordinary moves. The Reserve Bank of Australia was forced to abandon its policy of yield curve control and the Bank of Canada stopped its quantitative easing programme. The Bank of England now seems likely to raise rates, the Fed has dropped the word ‘transitory’ from its narrative and is likely to taper its \$120bn monthly asset purchase scheme. Until recently, the sure message was that inflation would wash out and no action was required.

In other markets there is broad insouciance on inflation, and while inflation assets have performed well, so has almost everything else. According to the Bank of America Investor Survey a record number of portfolio managers are bearish on bonds, but the volume of renewables and infrastructure issuance would suggest they still love bond proxies. The gold price is down 5% year to date, the US 10-year yield is still only at 1.5% and the S&P 500 is trading at a 21x P/E multiple. This all suggests that markets are comfortable with inflation reverting lower relatively soon.

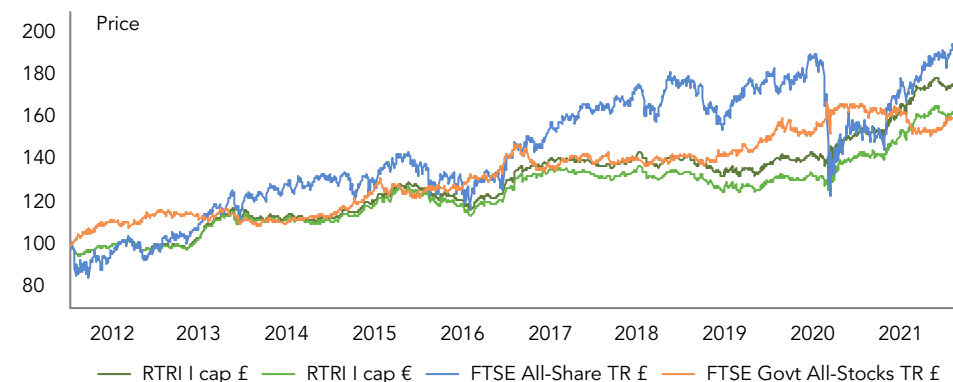
While Central Bank credibility is being threatened at the short end, perversely it seems that it is strengthening at the long-end of the yield curve. The expectation of near-term tightening is anchoring longer-term inflation expectations and long-term bond yields. Essentially the market is saying that despite lower credibility on their recent actions, Central Banks have the willpower and means to tame inflation. This emphasises the power and complacency of the belief in central bank omnipotence and underscores just how shocking it might be were that to change. Citigroup strategist Matt King summarised: ‘Expect tantrums in risk [assets] if central banks respond to inflation – and tantrums in bonds if they don’t.’ Monetary policy setters are firmly wedged between a rock and a hard place.

While we expect inflation and real rate volatility to increase, it will not be a straightforward journey. This will necessitate a nimble portfolio. To use one example, interest rate options have allowed us to manage the fund’s duration this year – making money in bonds even as yields were rising. This flexibility will be useful going forwards.

## 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



I GBP capitalisation shares	Performance %	Share price as at 31 October 2021
October 2021	1.6	I EUR Capitalisation 164.97
Year to date	10.1	I CHF Capitalisation 157.93
1 year	18.2	I USD Capitalisation 185.81
3 years	30.2	I GBP Distribution 174.55
5 years	29.2	I SEK Capitalisation 167.77
10 years	81.9	I USD Distribution 182.15
		I CAD Capitalisation 150.00
		I SGD Capitalisation 150.15
		I GBP Capitalisation 179.04

12 month performance to September %	2017	2018	2019	2020	2021
RTRI I cap £	1.3	2.4	0.4	8.9	14.6
RTRI I cap €	0.3	1.3	-1.0	8.0	14.0
FTSE All-Share TR £	11.9	5.9	2.7	-16.6	27.9
FTSE Govt All-Stocks TR £	-3.6	0.6	13.4	3.4	-6.8

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.

Source: Ruffer LLP, FTSE International (FTSE) © FTSE 2021. 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.

# Ruffer Total Return International as at 31 Oct 2021

## Asset allocation

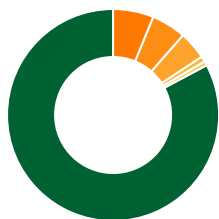


Asset allocation	%
Index-linked gilts	15.0
Long-dated index-linked gilts	11.7
Short-dated bonds	8.7
Non-UK index-linked	8.0
Gold and gold equities	6.0
Illiquid strategies and options	5.6
Cash	5.2
UK/Europe equities	25.3
Japan equities	6.4
North America equities	5.8
Asia ex-Japan equities	0.3
Other equities	2.1

Currency allocation	%
Sterling	82.9
Gold	6.2
Yen	5.4
US dollar	0.9
Euro	0.5
Other	4.1

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
BP	2.8
Royal Dutch Shell	2.5
Lloyds Banking Group	2.1
NatWest Group	1.8
GlaxoSmithKline	1.7
Ambev SA	1.6
iShares Physical Gold	1.4
ORIX Corporation	1.2
Cigna	1.1
Barclays	1.0

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.4
UK Treasury 0.125% 2023	7.5
US Treasury 0.625% TIPS 2023	6.7
UK Treasury index-linked 0.125% 2068	5.3
UK Treasury index-linked 0.125% 2065	4.0

\*Excludes holdings in pooled funds

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

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. 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, Denmark, Finland, France, Germany, Iceland, Ireland, Italy (qualified investors only), Luxembourg, the Netherlands, Norway, Portugal, Singapore (institutional and accredited investors only), Spain, Sweden, Switzerland (qualified investors only) and the UK. The fund's prospectus is provided in English and French; Key Investor Information Documents are provided in a variety of languages and are available, along with the Prospectus (in English and French), on request or from [ruffer.co.uk](http://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.

Fund size £3,843.7m

## Fund information

	%
Ongoing Charges Figure	0.95
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	Currency	Cap	ISIN	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
	GBP	I cap	LU0638558121	B4WP6Q8

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 views expressed in this marketing communication 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. Ruffer LLP or FundPartner Solutions (Europe) S.A. may terminate arrangement for marketing of the fund under new Cross-border Distribution Directive denotification process.

## 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 September 2021, assets managed by the Ruffer Group exceeded £23.2bn.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street [rif@ruffer.co.uk](mailto:rif@ruffer.co.uk)  
London SW1E 5JL [www.ruffer.co.uk](http://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 2021