

Ruffer Total Return International

Positive returns with low volatility



O class May 2019 Issue 95

During May, the fund price fell by 1.0%. This compared with a decline of 3.0% in the FTSE All-Share Index and rise of 2.7% in the FTSE Government All Stocks Index (all figures total returns in sterling).

After four months of a strong recovery, May fulfilled its seasonal tradition as equity markets declined across the globe. There were no shortage of reasons for investors to take fright: escalating trade tensions with China, presidential tweets on Iran and Mexico, potential anti-trust probes into tech stocks and a resolutely backward sloping yield curve that may or may not foretell a recession to name just a few. So the main global markets fell about 6% with emerging markets faring somewhat worse.

Meanwhile in the UK, if anything, sentiment declined even further in May. European elections, unplanned and unwanted, saw support for the main political parties eviscerated as voters plumped for either the Brexit Party or those supporting a second referendum in almost equal numbers. Thereby merely confirming that the country remains entirely divided on the issue. Prime Minister May's resignation hardly helped, with sterling falling as her potential successors compete to see who can shout loudest for a hard exit. Meanwhile, the spectre of a general election has loomed back into view, bringing with it fears of a Corbyn government.

Unsurprisingly, it was 'fear' assets that fared best in the month. Falling bond yields boosted our index-linked bonds, with positive contributions also coming from our credit protection and gold. Among our equities, trimmed back to about 37% earlier in the month, oil and industrials were hit hardest, giving back some of the previous quarter's gains.

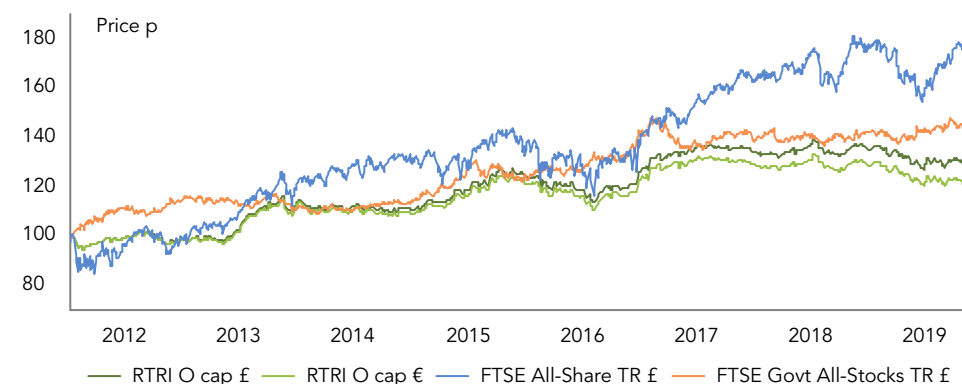
Our concern remains that the problems go rather deeper than just domestic politics and presidential tweets. 'Free money' (near zero interest rates) and ever increasing debts have distorted markets. Like some 21st century fairy tale, the proportion of US IPOs for loss-making companies has now exceeded the record set in the tech bubble. When debt and money have no cost, capital misallocation always ensues, and if the punchbowl is not removed, inflation follows. Increasingly we see shades of 1999-2000 in stock markets, not just in 'Unicorn' IPOs but also in the matching record levels of abhorrence of value compared to profitless growth. Meanwhile global politics isn't changing – it has changed, we just haven't seen the results yet. Against all this our index-linked bonds, gold and credit protections stand guard. Are we too gloomy? Perhaps, and our equities are an insurance against this. But our role is to hold positions on the contrary side of manias – the assets that investors panic into when bubbles burst – and this increasingly looks and feels like a bubble to us.

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 %	May 2019	Year to date	1 year	3 years	5 years
O GBP capitalisation shares	-1.0	1.4	-5.7	7.5	15.6

Percentage growth (O GBP cap)	%	Share price as at 31 May 2019	p
31 Mar 2018 – 31 Mar 2019	-2.1	O CHF capitalisation	117.18
31 Mar 2017 – 31 Mar 2018	-1.9	O EUR capitalisation	121.56
31 Mar 2016 – 31 Mar 2017	13.1	O GBP capitalisation	129.33
31 Mar 2015 – 31 Mar 2016	-3.3	O USD capitalisation	131.69
31 Mar 2014 – 31 Mar 2015	11.6		

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 May 2019

Asset allocation



Asset allocation %

Long-dated index-linked gilts	15.2
Non-UK index-linked	14.9
Illiquid strategies and options	8.5
Short-dated bonds	8.4
Cash	7.6
Gold and gold equities	7.0
Index-linked gilts	1.6

North America equities	12.2
Japan equities	10.3
UK equities	8.2
Europe equities	3.8
Asia ex-Japan equities	2.2

Currency allocation %

Sterling	71.4
Yen	10.7
Gold	6.8
US dollar	5.6
Euro	3.3
Other	2.1

Currency allocation



10 largest of 48 equity holdings*

Stock	% of fund
Walt Disney Company	3.4
Celgene Corporation	1.8
Tesco	1.6
Cigna Corporation	1.4
ArcelorMittal	1.3
Whitbread	1.3
ORIX	1.2
Vivendi	1.2
Mitsubishi UFJ Financial	1.2
Sumitomo Mitsui Financial Group	1.2

5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	8.9
UK Treasury index-linked 0.375% 2062	6.4
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 **£1,940m**

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.

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 April 2019, assets managed by the Ruffer Group exceeded £20.9bn.

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