

# Ruffer Total Return International

Positive returns with low volatility

During September, the fund price rose by 0.4%. This compared with a fall of 1.0% in the FTSE All-Share index and a fall of 3.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

'Transitory' or not, price rises (aka inflation) are certainly starting to have an impact on both financial markets and everyday life. Amidst pictures of queues at petrol stations reminiscent of the 1970s as well as global concerns over possible shortages and supply chain disruption ahead of the key holiday season, stock and bond markets both lost some of their lustre in September. Bond yields rose as inflation concerns led to talk of tapering and earlier than expected interest rises, though this remains just talk for now. Meanwhile equities, especially growth and tech stocks, fell back, with the Nasdaq down 5.3% in the month, dragging down the broader US market by 4.7%

Although some of the price rises this month were eye-watering, with the oil price up almost 10% (and now +50% so far this year) and natural gas prices in Europe and the UK rising by over 90%, inflation worries were not the only concern for equity markets in September. The likely demise of Chinese property developer Evergrande, said to have over \$330bn of debt and a market value at the month end of only \$7bn, down 80% so far this year, added contagion risks to previous fears of a clampdown by the Chinese government.

Against this somewhat unsettling background, portfolio performance was robust in September, remaining broadly unchanged even as bond and equity markets fell back. Higher bond yields hurt our index-linked bonds during the month, though once again, as happened in Q1 earlier this year, we held interest rate options that offset much of the fall. On the equity side, rising yields were supportive for the banks held in the portfolio and not surprisingly, energy stocks performed strongly with holdings in BP, Equinor and Royal Dutch Shell all up 15-20%.

No doubt investors will be laser-focused on both inflation and the outlook for China. Hint, a clue to the future for both might be gleaned from the Chinese government's edict last week to secure energy supplies 'at all costs'. However, for us the key observation from September is 'balanced' portfolios had their worst month since March 2020, when global markets first felt the full brunt of the covid-19 pandemic. Back then, the 60% equity and 40% conventional bond mix that has been so popular and so successful in recent years fell 5% in a month, this time the US version fell 3.5%. Small beer perhaps after gains averaging 10% for a decade, but a worrying sign nonetheless.

We have long warned higher inflation, or even just inflation volatility, could see a shift in the correlation between equities and bonds. This would merely be a reversion to the normal pattern before the decades of disinflation and falling interest rates since the 1980s. If so, portfolios would no longer be able to rely on rising bond prices (via falling interest rates) to soften the pain of equity market falls. In fact, the opposite could be true with falling bond prices exacerbating future equity market sell-offs. Ruffer portfolios hold inflation-linked bonds and other less conventional protections to guard against exactly such a situation. Last month, at least, this approach worked. We will wait to see if this too was just transitory.

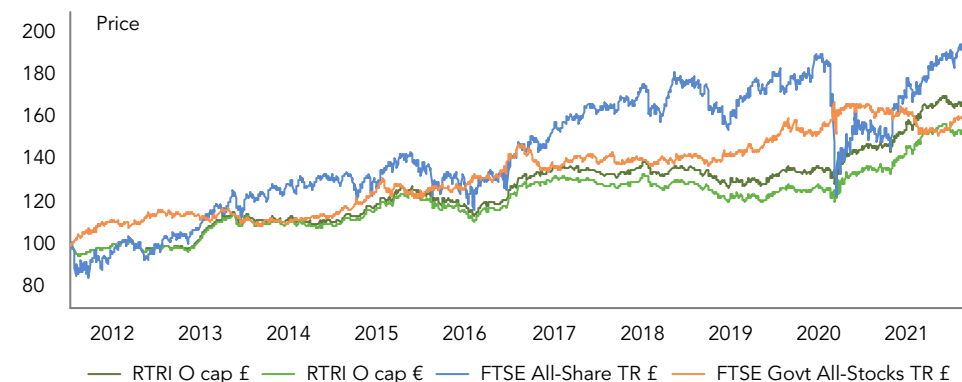
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



## 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



O GBP capitalisation shares	Performance %	Share price as at 30 September 2021
September 2021	0.4	O CHF Capitalisation 147.69
Year to date	8.0	OI EUR Capitalisation 154.28
1 year	14.1	O EUR Capitalisation 154.25
3 years	23.5	O GBP Capitalisation 167.34
5 years	26.7	O USD Capitalisation 173.63
10 years	71.9	

12 month performance to September %	2017	2018	2019	2020	2021
RTRI O cap £	0.7	1.9	-0.1	8.4	14.1
RTRI O cap €	-0.2	0.7	-1.5	7.4	13.4
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

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# Ruffer Total Return International as at 30 Sep 2021

## Asset allocation



Asset allocation	%
Index-linked gilts	15.6
Long-dated index-linked gilts	10.3
Short-dated bonds	9.3
Non-UK index-linked	8.5
Illiquid strategies and options	6.1
Gold and gold equities	5.4
Cash	2.6
UK/Europe equities	27.0
Japan equities	6.8
North America equities	5.8
Asia ex-Japan equities	0.4
Other equities	2.3
Currency allocation	%
Sterling	84.0
Yen	5.7
Gold	5.4
Euro	0.3
US dollar	0.1
Other	4.5

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
BP	3.0
Royal Dutch Shell	2.8
Lloyds Banking Group	2.0
NatWest Group	2.0
GlaxoSmithKline	1.6
Ambev SA	1.5
iShares Physical Gold	1.5
Equinor	1.3
Barclays	1.2
ORIX Corporation	1.2

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.9
UK Treasury 0.125% 2023	7.8
US Treasury 0.625% TIPS 2023	7.0
UK Treasury index-linked 0.125% 2068	4.5
UK Treasury index-linked 0.125% 2065	3.9

\*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.

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Fund size £3,679.9m

## Fund information

Ongoing Charges Figure	1.44
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 OI cap LU2252564898 BMYP2W0 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.

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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 August 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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