

Ruffer Total Return International

Positive returns with low volatility



C class June 2020 Issue 108

During June, the fund price rose by 0.4%. This compared with a rise of 1.5% in the FTSE All-Share Index and a fall of 0.6% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

As we reach the halfway point in this tumultuous year it is worth taking stock of what has happened so far, and how we were able both to preserve capital through the initial market crisis and also benefit from the more recent rally. After a positive start to 2020, stock markets plunged in March on escalating fears of the global impact of Covid 19, with credit markets exhibiting a similar panic. In the fastest decline in stock market history, equity markets fell by a third in just 22 days, hitting their lows on 23 March, the very day the UK officially went into lockdown.

Stock markets rallied in the second quarter as central banks, led by the US, swung into their now habitual role of supporting asset prices. The size of the monetary and fiscal intervention is unprecedented in peacetime and we wait to see whether it is sufficient to keep businesses and employment afloat, but for now at least, it has been a big enough bazooka to reassure investors. In April and May equity markets recorded one of their fastest recoveries. The Federal reserve pumped money into the system, buying junk (high yield) bonds and everything was back to normal, except of course it isn't.

Whilst we in no way foresaw the Coronavirus pandemic, with our core focus on capital preservation, if we are doing our job properly we would hope to navigate such crises in relatively good shape. We always hold protection in our portfolio against difficult times and have been particularly nervous of markets in recent years. Accordingly, we take only limited credit for emerging from the first quarter virtually unscathed and posting a positive return in March as risk assets tumbled and our investments in 'fear' really did their job.

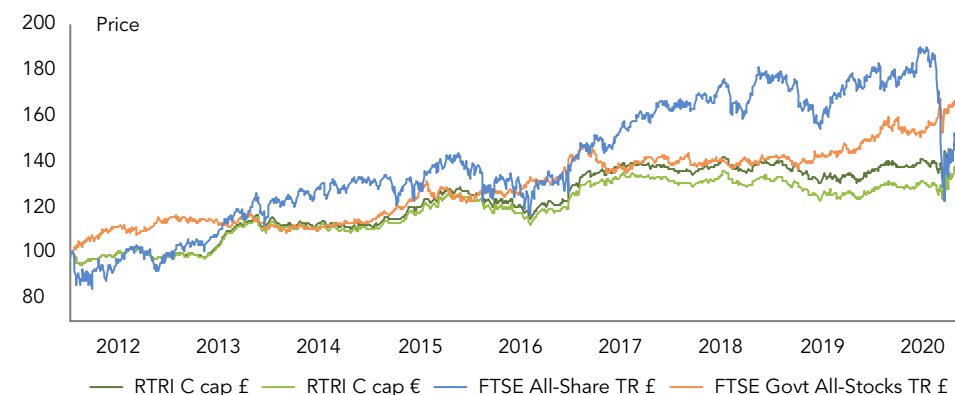
Since then stock markets have rallied, though whether this is based on a sober assessment of the true impact of the virus, or a sugar rush from central bank liquidity, is open to question. Having protected capital in the dark times, it is a cause for some satisfaction that we were able to make money from that stable base in the recovery. With no increase in risk (we retain a low but potent exposure to equities and still hold significant credit protections) we made decent returns as markets recovered, especially in April and May. A gain of 7.7% in the second quarter leaves us in positive territory year to date. Looking forward, our equities are biased towards recovery and value, and so did well as hope returned to markets and should flourish if this continues. However inflation-linked bonds and gold have driven recent performance just as much as, if not more than, equities.

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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 %	June 2020	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	0.4	6.0	10.6	8.9	17.9

Percentage growth (C GBP cap)	%	Share price as at 30 June 2020
30 Jun 2019 – 30 Jun 2020	10.6	C CHF capitalisation 133.46
30 Jun 2018 – 30 Jun 2019	-2.8	C EUR capitalisation 139.06
30 Jun 2017 – 30 Jun 2018	1.3	C EUR distribution 137.13
30 Jun 2016 – 30 Jun 2017	8.4	C GBP capitalisation 149.68
30 Jun 2015 – 30 Jun 2016	-0.2	C GBP distribution 146.26
		C GBP income 140.48
		C USD capitalisation 154.70
		C USD distribution 152.66

Source: Ruffer LLP, FTSE International (FTSE) †

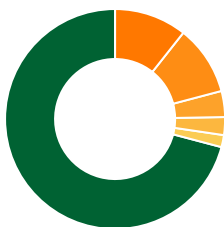
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 30 Jun 2020

Asset allocation



Currency allocation



Asset allocation %

● Non-UK index-linked	25.6
● Short-dated bonds	10.5
● Gold and gold equities	10.4
● Long-dated index-linked gilts	9.9
● Illiquid strategies and options	9.6
● Index-linked gilts	3.4
● Cash	1.9

● UK equities	8.1
● Japan equities	7.5
● North America equities	6.3
● Europe equities	5.5
● Asia ex-Japan equities	1.3

Currency allocation %

● Sterling	71.0
● Yen	10.5
● Gold	10.5
● Euro	3.8
● US dollar	1.7
● Other	2.5

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.3
iShares Physical Gold	2.2
Fujitsu	1.4
ArcelorMittal	1.4
Royal Bank of Scotland	1.3
Hennes & Mauritz	1.1
Kinross Gold	1.1
ORIX Corporation	1.0
Cigna Corporation	1.0
Wheaton Precious Metals	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury 1.5% 2021	8.6
UK Treasury index-linked 0.125% 2068	6.2
US Treasury 0.25% TIPS 2050	4.0
US Treasury 0.625% TIPS 2026	4.0
UK Treasury index-linked 0.375% 2062	3.7

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

Fund size **£1,945.3m**

Fund information

Ongoing Charges Figure	1.12
Maximum annual management fee (C class)	1.2
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£10,000,000
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 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 C cap LU0638557743 B45L1M4 EUR C cap LU0638557669 B4MRCS8 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPBZ2 USD C dis LU0779208890 B8BHY81

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

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