

Ruffer Total Return International

Positive returns with low volatility



C class September 2020 Issue 111

During September the fund price rose by 0.1%. This compares with a fall of 1.7% in the FTSE All-Share Index and a rise of 1.0% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

As is often the case, September heralded a distinct change in tone in markets. Global equities registered only their second negative month since March, but our offsets worked as we hoped. Index-linked bonds and foreign currency exposure more than countered the fall in equities. The reversal in markets was triggered by a number of risks that have been bubbling under the surface yet were ignored during the frothy days of August. The US Congress remains at an impasse in negotiations on further stimulus and partisan issues moved up the agenda with the presidential election now in plain sight. In Europe covid cases are increasing again, while Brexit brinkmanship has returned with a vengeance. If the Brexit discourse is a re-run of last year and a deal can be agreed, our domestic UK stocks will do well (as will sterling) at a time when index-linked gilts may be under pressure – another example of trying to be not wrong rather than precisely right.

Japan stuck out in September not just because it was one of the few equity markets that registered a positive return but because it did so at a time of political change. The relatively seamless transition from Shinzo Abe to Yoshihide Suga, formerly his chief cabinet secretary, was in stark contrast to the political ructions elsewhere. We have written previously how rock solid balance sheets and high cash balances in Japanese companies have meant that they are ideally placed to ride through the events of this year. Compare this with the dividend cuts and capital raising seen closer to home. Suga has vowed to re-energise the third arrow of Abenomics: structural reforms. While this may not be shock and awe for investors, the effects may be meaningful. The announcement to speed up the digitisation of Japan's economy through a new Digital Ministry boosted some of the core Japanese holdings. Fujitsu, NTT Data and summer purchase NEC will all benefit from an increase in IT spending and the last two stocks rose by over 10% during September. Japanese equities remain an important part of the portfolio and make up a significant part of our equity exposure.

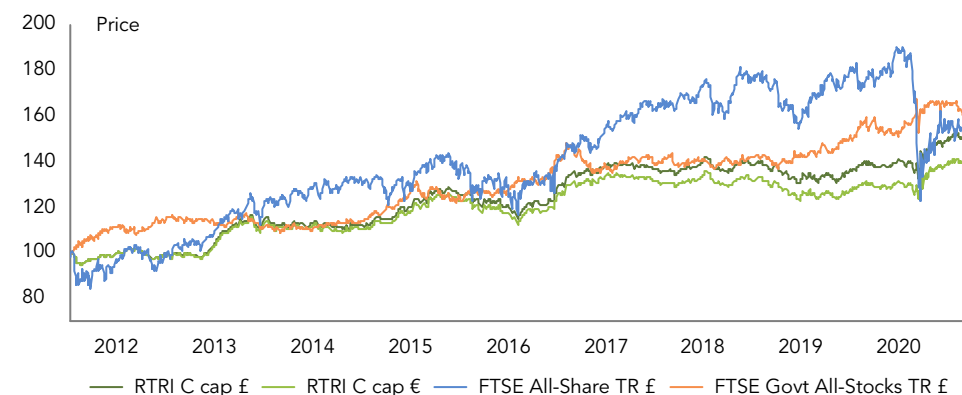
Taking stock three quarters of the way through the year, the investment strategy has delivered thus far – we protected investors through the turmoil of the first quarter and captured much of the bounce in the following six months. Looking ahead there are clear uncertainties with the US election, Brexit negotiations and, of course, the path of the virus. We need to tread a fine line between capturing opportunities for growth and keeping the portfolio protected in distorted markets, but the results so far are encouraging.

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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 %	September 2020	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	0.1	7.0	8.7	11.3	25.2

Percentage growth (C GBP cap)	%	Share price as at 30 September 2020
30 Sep 2019 – 30 Sep 2020	8.7	C CHF capitalisation 134.40
30 Sep 2018 – 30 Sep 2019	0.2	C EUR capitalisation 140.12
30 Sep 2017 – 30 Sep 2018	2.2	C EUR distribution 138.17
30 Sep 2016 – 30 Sep 2017	1.1	C GBP capitalisation 151.10
30 Sep 2015 – 30 Sep 2016	11.3	C GBP distribution 147.66
		C USD capitalisation 156.28
		C USD distribution 154.22

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 Sep 2020

Asset allocation



Currency allocation



Asset allocation %

● Non-UK index-linked	23.9
● Illiquid strategies and options	9.3
● Gold and gold equities	9.0
● Long-dated index-linked gilts	8.9
● Index-linked gilts	7.1
● Short-dated bonds	6.8
● Cash	3.8

● UK equities	9.8
● Japan equities	8.0
● Europe equities	6.3
● North America equities	6.0
● Asia ex-Japan equities	1.1

Currency allocation %

● Sterling	76.4
● Gold	9.0
● US dollar	8.0
● Yen	3.1
● Euro	1.0
● Other	2.5

10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.4
Lloyds Banking Group	2.0
Charles Schwab	1.2
Fujitsu	1.2
ArcelorMittal	1.1
VINCI SA	1.1
NatWest Group	1.0
Hennes & Mauritz	1.0
ORIX Corporation	0.9
Rohm	0.9

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.1
UK Treasury 1.5% 2021	6.8
UK Treasury index-linked 0.125% 2068	5.6
US Treasury 0.625% TIPS 2021	4.5
US Treasury 0.875% TIPS 2029	3.3

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

Fund size £2,052.9m

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 August 2020, assets managed by the Ruffer Group exceeded £19.9bn.

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