

Ruffer Total Return International

Positive returns with low volatility

During February, the fund price rose by 4.0%. This compared with a rise of 2.0% in the FTSE All-Share index and a fall of 5.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

We always expected the journey to a post-covid world would be a bumpy ride, especially after the fireworks in stock markets last year, so we positioned the portfolio accordingly. With bond yields ending 2020 at extraordinarily low levels, it was only a matter of time before investors started to fret about a stronger than anticipated economic recovery in the coming months. February duly delivered the first of what may be several jolts to asset prices as bond yields rose sharply, gold sold off and equities fell back from all time highs touched in mid-February.

We have long been aware of the risk to portfolio performance from a rise in bond yields. Accordingly, we accumulated small, but powerful, holdings in interest rate options at bargain prices last year to protect against the damage exactly such a move could do to our long-dated inflation-linked bonds. These interest rate options rose sharply in February, ensuring we made a good return despite falls in gold and inflation-linked bonds. In technical terms, the interest rate options reduced the overall duration of the portfolio to close to zero, eliminating the downside risk from rising bond yields, despite the fact we continue to hold about 15% of the fund in the longest duration inflation-linked bonds available in both the UK and US. At the same time, we continue to avoid other hidden 'long duration' assets such as the US mega-cap growth stocks.

Freed from the drag of falling bond prices, the fund made a healthy gain in February thanks to strong rises in the recovery-biased equities in the portfolio. Previously 'out of favour' holdings such as UK banks (Lloyds, Natwest and Barclays) rose by around 20%, the oil majors gained approximately 10% and Japanese banks had a moment in the sun with rises of up to 15%. The small amount of exposure to cryptocurrency held via the Ruffer Illiquid Multi Strategies Fund also contributed positively.

Viewed from 10,000 feet, however, the big picture remains the same. Our conviction of an inflationary end to these events is unshaken, but at some point markets were going to test central bankers' resolve to keep interest rates nailed to the floor once economies showed signs of recovery. There may well be more such tests to come, hence the fund consists of essentially three 'legs'. First, inflation-linked bonds, gold and cryptocurrency protect against higher inflation and financial repression. In fact, we have used the recent sell-off to add to inflation-linked bonds. Secondly, unconventional protections such as interest rate options and credit protections enable us to keep to our course through the likely squalls. Finally, recovery-oriented equities profit from the reopening of economies around the world.

Over the last 12 months, this all-weather approach delivered a return of 22.2% with a low level of volatility while stock and bond markets fluctuated wildly, and we believe it remains well positioned for an uncertain future.

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.

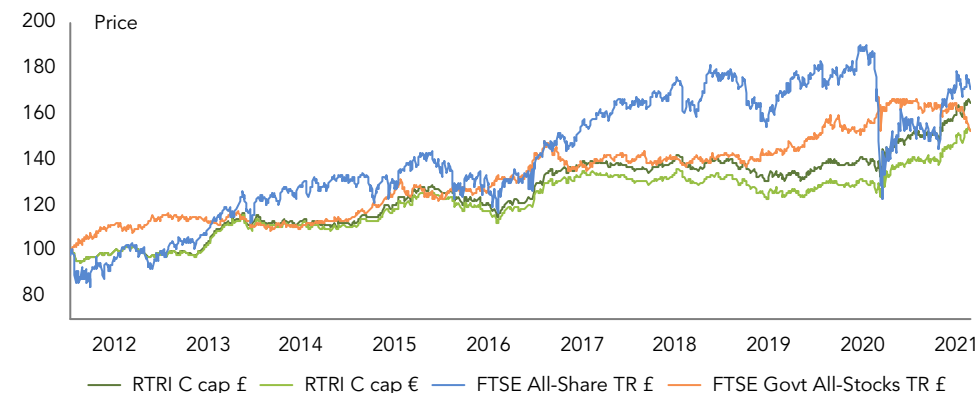


C class February 2021 Issue 116

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



C GBP capitalisation shares	Performance %	Share price as at 28 February 2021
February 2021	4.0	C CHF capitalisation 146.86
Year to date	3.6	C EUR capitalisation 153.19
1 year	22.2	C EUR distribution 151.07
3 years	20.1	C GBP capitalisation 165.56
5 years	39.1	C GBP distribution 161.79
		C GBP income 154.21
		C USD capitalisation 171.57
		C USD distribution 169.31

12 month performance to December %	2016	2017	2018	2019	2020
RTRI C cap £	14.3	1.0	-6.5	8.1	13.1
RTRI C cap €	13.0	0.1	-7.5	6.7	12.3
FTSE All-Share TR £	16.8	13.1	-9.5	19.2	-9.8
FTSE Govt All-Stocks TR £	10.1	1.8	0.6	6.9	8.3

Source: Ruffer LLP, FTSE International (FTSE) †

Ruffer Total Return International as at 28 Feb 2021

Asset allocation



Asset allocation	%
Non-UK index-linked	15.9
Illiquid strategies and options	11.3
Cash	11.3
Long-dated index-linked gilts	7.6
Index-linked gilts	6.6
Gold and gold equities	6.0
UK equities	15.4
North America equities	9.5
Japan equities	8.8
Europe equities	5.8
Asia ex-Japan equities	1.7
Currency allocation	%
Sterling	73.4
US dollar	15.0
Gold	6.1
Yen	2.5
Euro	0.2
Other	2.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	2.5
Lloyds Banking Group	2.4
Barclays	1.9
NatWest Group	1.6
BP	1.6
Charles Schwab	1.2
Royal Dutch Shell	1.2
Vinci	1.2
BT	1.1
Ambev SA	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	6.6
UK Treasury index-linked 0.125% 2068	4.5
US Treasury 0.625% TIPS 2021	3.1
US Treasury 0.875% TIPS 2029	2.8
UK Treasury index-linked 0.375% 2062	2.7

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

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Fund size £2,564.2m

Fund information

Ongoing Charges Figure	1.13
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	EUR C cap	EUR C dis	GBP C cap	GBP C dis	GBP C inc	USD C cap	USD C dis
	LU0638557743	LU0638557669	LU0779208544	LU0638557586	LU0638558048	LU1220904186	LU0638557826	LU0779208890
	B45L1M4	B4MRCS8	B8BH14	B4XQ109	B4X19Y4	BWXC1G9	B4WPBZ2	B8BH14

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 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.

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 January 2021, assets managed by the Ruffer Group exceeded £21.0bn.

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