

Ruffer Total Return International

Positive returns with low volatility

During October, the fund price rose by 1.6%. This compared with a rise of 1.8% in the FTSE All-Share index and a rise of 2.2% in the FTSE Govt All Stocks index (all figures total returns in sterling).

The last two months represent a good outcome for performance – we held our own in September as equity and bond markets fell in tandem, and then captured the bounce in October. Performance in October was driven by inflation-focused assets – particularly gold, energy companies and inflation-linked bonds.

The policy landscape is shifting. In the last week of October there was a whiff of panic amongst fixed income investors. Short yields rose sharply as fears mounted that central bankers are behind the curve in tackling inflation. This led to some extraordinary moves. The Reserve Bank of Australia was forced to abandon its policy of yield curve control and the Bank of Canada stopped its quantitative easing programme. The Bank of England now seems likely to raise rates, the Fed has dropped the word ‘transitory’ from its narrative and is likely to taper its \$120bn monthly asset purchase scheme. Until recently, the sure message was that inflation would wash out and no action was required.

In other markets there is broad insouciance on inflation, and while inflation assets have performed well, so has almost everything else. According to the Bank of America Investor Survey a record number of portfolio managers are bearish on bonds, but the volume of renewables and infrastructure issuance would suggest they still love bond proxies. The gold price is down 5% year to date, the US 10-year yield is still only at 1.5% and the S&P 500 is trading at a 21x P/E multiple. This all suggests that markets are comfortable with inflation reverting lower relatively soon.

While Central Bank credibility is being threatened at the short end, perversely it seems that it is strengthening at the long-end of the yield curve. The expectation of near-term tightening is anchoring longer-term inflation expectations and long-term bond yields. Essentially the market is saying that despite lower credibility on their recent actions, Central Banks have the willpower and means to tame inflation. This emphasises the power and complacency of the belief in central bank omnipotence and underscores just how shocking it might be were that to change. Citigroup strategist Matt King summarised: ‘Expect tantrums in risk [assets] if central banks respond to inflation – and tantrums in bonds if they don’t.’ Monetary policy setters are firmly wedged between a rock and a hard place.

While we expect inflation and real rate volatility to increase, it will not be a straightforward journey. This will necessitate a nimble portfolio. To use one example, interest rate options have allowed us to manage the fund’s duration this year – making money in bonds even as yields were rising. This flexibility will be useful going forwards.

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.

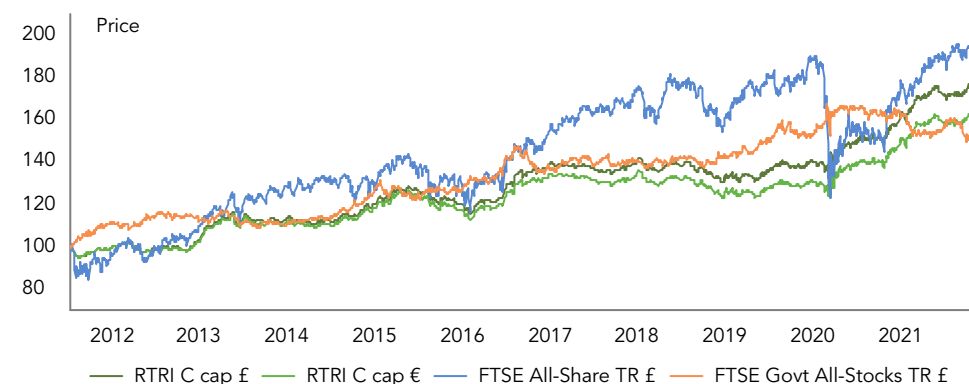


C class October 2021 Issue 124

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 31 October 2021
October 2021	1.6	C CHF Capitalisation 154.91
Year to date	10.0	C EUR Capitalisation 161.82
1 year	18.0	C EUR Distribution 159.57
3 years	29.5	C GBP Capitalisation 175.64
5 years	28.0	C GBP Distribution 171.63
10 years	78.5	C GBP Income 163.60
		C USD Capitalisation 182.25
		C USD Distribution 179.85

12 month performance to September %	2017	2018	2019	2020	2021
RTRI C cap £	1.1	2.2	0.2	8.7	14.4
RTRI C cap €	0.1	1.1	-1.2	7.8	13.7
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 31 Oct 2021

Asset allocation



Asset allocation	%
Index-linked gilts	15.0
Long-dated index-linked gilts	11.7
Short-dated bonds	8.7
Non-UK index-linked	8.0
Gold and gold equities	6.0
Illiquid strategies and options	5.6
Cash	5.2
UK/Europe equities	25.3
Japan equities	6.4
North America equities	5.8
Asia ex-Japan equities	0.3
Other equities	2.1
Currency allocation	%
Sterling	82.9
Gold	6.2
Yen	5.4
US dollar	0.9
Euro	0.5
Other	4.1

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.8
Royal Dutch Shell	2.5
Lloyds Banking Group	2.1
NatWest Group	1.8
GlaxoSmithKline	1.7
Ambev SA	1.6
iShares Physical Gold	1.4
ORIX Corporation	1.2
Cigna	1.1
Barclays	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.4
UK Treasury 0.125% 2023	7.5
US Treasury 0.625% TIPS 2023	6.7
UK Treasury index-linked 0.125% 2068	5.3
UK Treasury index-linked 0.125% 2065	4.0

*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 £3,843.7m

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	LU0638557743	B45L1M4
	EUR C cap	LU0638557669	B4MRC58
	EUR C dis	LU0779208544	B8BHY14
	GBP C cap	LU0638557586	B4XQ109
	GBP C dis	LU0638558048	B4X19Y4
	GBP C inc	LU1220904186	BWXC1G9
	USD C cap	LU0638557826	B4WPB22
	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.

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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 30 September 2021, assets managed by the Ruffer Group exceeded £23.2bn.

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