

Ruffer Total Return International

Positive returns with low volatility

During August, the fund price rose by 0.5%. This compared with a rise of 2.7% in the FTSE All-Share Index, and a fall of 0.8% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

In reviewing the month just gone there has been no predominant driver for our performance. Equities have provided a small positive return with the beneficiaries of reflation (and economic recovery) making back some of their losses from earlier in the summer. Inflation-linked bonds were broadly flat for the month after a last day fall of some 5% in the longest dated bonds in the UK. The fall was catalysed by comments from the European Central Bank reminding us that emergency policy may not be around forever. While this does not undermine the longer-term case for inflation-linked bonds (and they have performed very strongly in the last few months), it illustrates the short term dangers that we need to guard against.

There have been two competing forces at play in August. In simple terms this is the path of liquidity in financial markets versus the fundamentals of the real economy. It will likely be the interplay between these two forces that will dictate the path of markets for the remainder of the year.

Taking liquidity first. Financial conditions have remained plentiful, something most clearly illustrated by the fact that monthly inflows into equity funds in August exceeded the annual inflows for 13 out of the last 20 years - and this is during a month that is usually characterised by outflows. The market appears to have taken comfort from Jay Powell's comments at the Jackson Hole symposium that tapering will be gradual and that rates will remain nailed to the floor for some time. We agree that liquidity conditions will remain supportive, but we need to be cognisant of the risks of rising yields once the perennial buyer (central banks) steps away even marginally. For that reason, we have used the strong performance in bond markets in recent months to reduce the Fund's duration to close to zero. Any rise in bond yields has the potential to be disruptive, therefore having a full allocation to swaptions (as we did throughout the first quarter) will likely be helpful for the remainder of the year. Although bond yields may not rise substantially, the extent to which the market is assuming they will not rise at all presents a risk - it is the certainty that is currently priced in which causes us concern.

The path of economic fundamentals has most obviously been influenced by the path of the delta variant. The data in Europe and the UK remains more encouraging than the US, but in both geographies we would argue that fears are likely overdone and the political appetite for widespread lockdowns is low. In that context the economic impulse through the remainder of the year could be very powerful. It is for this reason that we reinforced exposure to cyclical equities (primarily through energy companies) during the month.

Finally, when looking at the make-up of our equities healthcare remains a large allocation; the third largest after financials and energy. This sector looked undervalued during the presidential election when there were fears that a Democratic president would push for significant reform. With Biden's approval rating now dropping below that of Donald Trump at the end of his presidency, wide-ranging reform looks even less likely and these companies could re-rate and perform well.

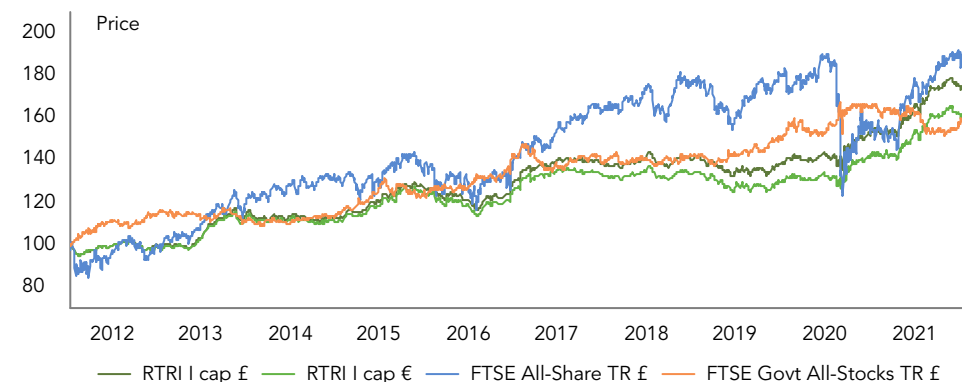
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



I GBP capitalisation shares	Performance %	Share price as at 31 August 2021
August 2021	0.5	I EUR Capitalisation 161.81
Year to date	7.9	I CHF Capitalisation 154.94
1 year	14.2	I USD Capitalisation 182.03
3 years	25.1	I GBP Distribution 171.02
5 years	28.4	I SEK Capitalisation 164.44
10 years	82.9	I USD Distribution 178.44
		I CAD Capitalisation 146.95
		I SGD Capitalisation 147.08
		I GBP Capitalisation 175.42

12 month performance to June %	2017	2018	2019	2020	2021
RTRI I cap £	8.6	1.5	-2.6	10.8	15.5
RTRI I cap €	7.5	0.4	-3.9	9.6	14.7
FTSE All-Share TR £	18.1	9.0	0.6	-13.0	21.5
FTSE Govt All-Stocks TR £	-0.9	1.9	4.9	11.2	-6.2

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Ruffer Total Return International as at 31 Aug 2021

Asset allocation



Asset allocation	%
● Index-linked gilts	14.8
● Long-dated index-linked gilts	12.1
● Non-UK index-linked	8.5
● Cash	6.5
● Gold and gold equities	5.8
● Illiquid strategies and options	5.0
● Short-dated bonds	4.8
● UK/Europe equities	26.1
● Japan equities	7.0
● North America equities	6.5
● Asia ex-Japan equities	0.4
● Other equities	2.5

Currency allocation	%
● Sterling	79.9
● Yen	7.3
● Gold	5.9
● Euro	1.7
● US dollar	1.0
● Other	4.3

Currency allocation



10 largest equity holdings*

Stock	% of fund
Royal Dutch Shell	2.5
BP	2.4
Lloyds Banking Group	2.0
NatWest Group	1.9
Ambev SA	1.8
GlaxoSmithKline	1.7
iShares Physical Gold	1.5
Equinor	1.5
Barclays	1.2
AstraZeneca	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.1
US Treasury 0.625% TIPS 2023	7.0
UK Treasury index-linked 0.125% 2068	5.4
UK Treasury index-linked 0.125% 2065	4.6
UK Treasury 0.125% 2023	3.4

*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 £3,523.1m

Fund information

Ongoing Charges Figure	0.95
Maximum annual management fee (I class)	1.0
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£25m
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 first business 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	Currency	Cap	ISIN	SEDOL
EUR	I cap	LU0638558394	B4LVH08	
CHF	I cap	LU0638558477	B4QLM86	
USD	I cap	LU0638558550	B4L04N7	
GBP	I dis	LU0779209195	B8BHYH0	
SEK	I cap	LU0923103534	B94R6P6	
USD	I dis	LU0955560437	BCDYZK7	
CAD	I cap	LU1296766634	BYSW6J6	
SGD	I cap	LU1400661093	BD2YGL3	
GBP	I cap	LU0638558121	B4WP6Q8	

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 July 2021, assets managed by the Ruffer Group exceeded £22.7bn.

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