Ruffer Total Return International

Positive returns with low volatility

I class September 2021 **Issue 123**

During September, the fund price rose by 0.5%. This compared with a fall of 1.0% in the FTSE All-Share index and a fall of 3.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

'Transitory' or not, price rises (aka inflation) are certainly starting to have an impact on both financial markets and everyday life. Amidst pictures of queues at petrol stations reminiscent of the 1970s as well as global concerns over possible shortages and supply chain disruption ahead of the key holiday season, stock and bond markets both lost some of their lustre in September. Bond yields rose as inflation concerns led to talk of tapering and earlier than expected interest rises, though this remains just talk for now. Meanwhile equities, especially growth and tech stocks, fell back, with the Nasdaq down 5.3% in the month, dragging down the broader US market by 4.7%

Although some of the price rises this month were eye-watering, with the oil price up almost 10% (and now +50% so far this year) and natural gas prices in Europe and the UK rising by over 90%, inflation worries were not the only concern for equity markets in September. The likely demise of Chinese property developer Evergrande, said to have over $330bn of debt and a market value at the month end of only $7bn, down 80% so far this year, added contagion risks to previous fears of a clampdown by the Chinese government.

Against this somewhat unsettling background, portfolio performance was robust in September, remaining broadly unchanged even as bond and equity markets fell back. Higher bond yields hurt our index-linked bonds during the month, though once again, as happened in Q1 earlier this year, we held interest rate options that offset much of the fall. On the equity side, rising yields were supportive for the banks held in the portfolio and not surprisingly, energy stocks performed strongly with holdings in BP, Equinor and Royal Dutch Shell all up 15-20%.

No doubt investors will be laser-focused on both inflation and the outlook for China. Hint, a clue to the future for both might be gleaned from the Chinese government's edict last week to secure energy supplies 'at all costs'. However, for us the key observation from September is 'balanced' portfolios had their worst month since March 2020, when global markets first felt the full brunt of the covid-19 pandemic. Back then, the 60% equity and 40% conventional bond mix that has been so popular and so successful in recent years fell 5% in a month, this time the US version fell 3.5%. Small beer perhaps after gains averaging 10% for a decade, but a worrying sign nonetheless.

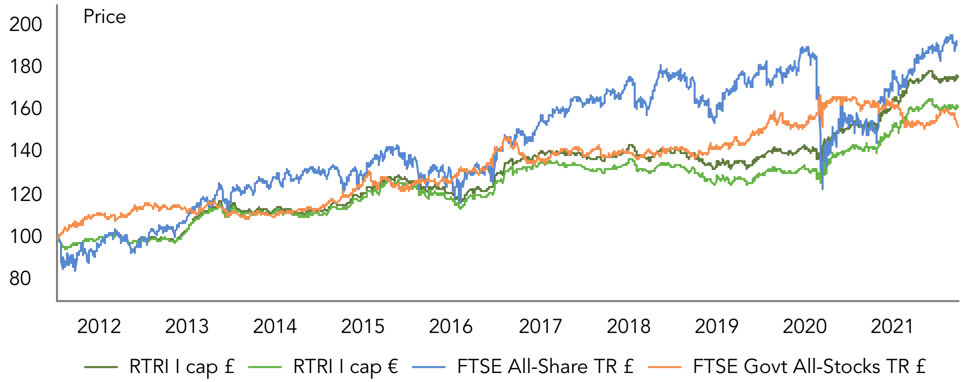
We have long warned higher inflation, or even just inflation volatility, could see a shift in the correlation between equities and bonds. This would merely be a reversion to the normal pattern before the decades of disinflation and falling interest rates since the 1980s. If so, portfolios would no longer be able to rely on rising bond prices (via falling interest rates) to soften the pain of equity market falls. In fact, the opposite could be true with falling bond prices exacerbating future equity market sell-offs. Ruffer portfolios hold inflation-linked bonds and other less conventional protections to guard against exactly such a situation. Last month, at least, this approach worked. We will wait to see if this too was just transitory.

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 %
September 2021	0.5
Year to date	8.4
1 year	14.6
3 years	25.3
5 years	30.0
10 years	80.8

Share price as at 30 September 2021		
I EUR	Capitalisation	162.46
I CHF	Capitalisation	155.54
I USD	Capitalisation	182.87
I GBP	Distribution	171.81
I SEK	Capitalisation	165.16
I USD	Distribution	179.26
I CAD	Capitalisation	147.63
I SGD	Capitalisation	147.77
I GBP	Capitalisation	176.22

12 month performance to September %	2017	2018	2019	2020	2021
RTRI I cap £	1.3	2.4	0.4	8.9	14.6
RTRI I cap €	0.3	1.3	-1.0	8.0	14.0
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

Ruffer Total Return International as at 30 Sep 2021

Asset allocation

Currency allocation

Asset allocation	%
• Index-linked gilts	15.6
• Long-dated index-linked gilts	10.3
• Short-dated bonds	9.3
• Non-UK index-linked	8.5
• Illiquid strategies and options	6.1
• Gold and gold equities	5.4
• Cash	2.6
• UK/Europe equities	27.0
• Japan equities	6.8
• North America equities	5.8
• Asia ex-Japan equities	0.4
• Other equities	2.3

Currency allocation	%
• Sterling	84.0
• Yen	5.7
• Gold	5.4
• Euro	0.3
• US dollar	0.1
• Other	4.5

10 largest equity holdings*

Stock	% of fund
BP	3.0
Royal Dutch Shell	2.8
Lloyds Banking Group	2.0
NatWest Group	2.0
GlaxoSmithKline	1.6
Ambev SA	1.5
iShares Physical Gold	1.5
Equinor	1.3
Barclays	1.2
ORIX Corporation	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.9
UK Treasury 0.125% 2023	7.8
US Treasury 0.625% TIPS 2023	7.0
UK Treasury index-linked 0.125% 2068	4.5
UK Treasury index-linked 0.125% 2065	3.9

*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.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts. Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer Total Return International (RTRI) is not registered for distribution in any country other than Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy (qualified investors only), Luxembourg, the Netherlands, Norway, Portugal, Singapore (institutional and accredited investors only), Spain, Sweden, Switzerland (qualified investors only) and the UK. The fund's prospectus is provided in English and French; Key Investor Information Documents are provided in a variety of languages and are available, along with the Prospectus (in English and French), on request or from ruffer.co.uk. Ruffer LLP is not able to market RTRI in other countries, except under certain exemptions. In line with the Prospectus, it is possible that at any one time Ruffer Total Return International may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be UK or US government issued transferable securities.

Fund size £3,679.9m

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				
	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
Depositary 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 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 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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