

Ruffer Total Return International

Positive returns with low volatility

During March, the fund price rose by 2.7%. This compared with a rise of 4.0% in the FTSE All-Share index and no change in the FTSE Govt All Stocks index (all figures total returns in sterling). Index-linked gilts and cyclical equities were the main contributors to performance while options, gold and US index-linked bonds were a small drag on returns.

Closing the books on the first quarter, we are pleased to be up 6.4%. Global equities also had a good start – the FTSE All-World was up 4.0% as investors started to visualise what a recovery will feel like. Meanwhile, most multi-asset strategies and conventional portfolios were either side of breakeven.

Conventional portfolios have become, by design and by default (via benchmarking), wired to the assets which performed well in the last market regime. That was a period of low economic growth and falling inflation. In a nutshell, this equated to prioritising conventional bonds over inflation-linked bonds, a preference for growth over value and for technology over everything. The problem is that in the new regime these might all be the wrong trades.

Today, we expect an economic boom in the latter half of the year and hopefully into 2022. What is the recipe? Take one part pent up animal spirits, mix with accumulated lockdown savings, pour on lashings of stimulus – serve in a supply constrained glass. Even central bankers are in party mood – they have said they will not take away the punchbowl until we have overshoot policy objectives.

In this world, there will be ample opportunity for businesses that have survived covid to grow sales and earnings – so the premium put on growth stocks will no longer be valid. Expect cyclical and value stocks to perform best. In the bond market, the US ten year yield has more than tripled from the August lows and sits at 1.7%, but it is still lower than where it ended 2019. This is where the real conundrum lies. The Barclays Long Treasury Index is down over 20% since August, its worst fall in 40 years, reminding everyone there is still risk in this supposedly risk-free asset. Rising yields are also starting to cause stresses elsewhere. The tide going out revealed Archegos and Greensill to be swimming naked and gold is down 15% from the autumn peak where we were taking profits.

Our Chief Investment Officer, Henry Maxey, expands upon the idea that traditional portfolios are going to get chomped by ‘Jurassic risk’ in our latest [Ruffer Review](#). Of course, it is possible this is just a cyclical upswing before disinflationary forces reassert themselves, but we think the game has changed.

For the new regime, investors need to be more creative in their diversification and protections. Government and corporate bonds are a mathematically bounded asset class offering low returns and limited protective qualities. We continue to see a competitive advantage in the expertise we have accumulated in unconventional protections and also think index-linked bonds will become a key asset class in the future.

As for inflation, as George Soros said “I’m not predicting it, I’m observing it.” Houses, used cars, microchips, the cost of shipping – it’s happening right now. We have our protections and a game plan in place.

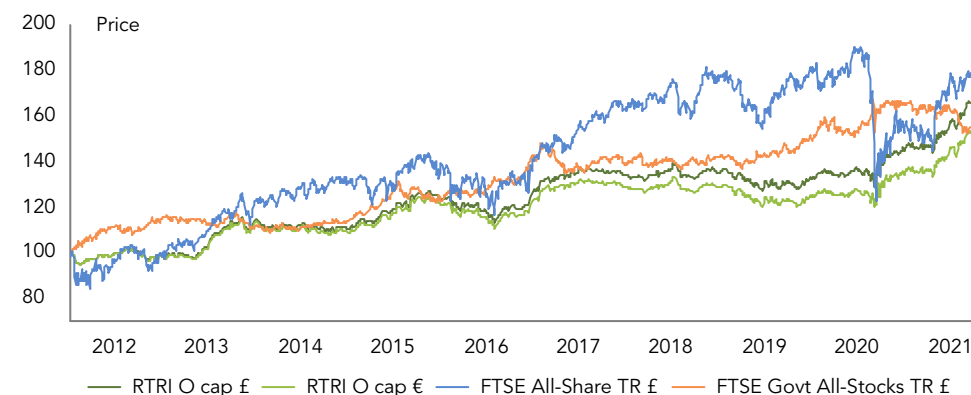
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



O GBP capitalisation shares	Performance %	Share price as at 31 March 2021
March 2021	2.7	O CHF capitalisation 146.14
Year to date	6.4	O EUR capitalisation 152.45
1 year	22.2	O GBP capitalisation 164.86
3 years	23.5	O USD capitalisation 170.91
5 years	37.0	

12 month performance to March %	2017	2018	2019	2020	2021
RTRI O cap £	13.1	-1.9	-2.1	3.2	22.2
RTRI O cap €	11.7	-2.9	-3.4	2.0	21.5
FTSE All-Share TR £	22.0	1.2	6.4	-18.5	26.7
FTSE Govt All-Stocks TR £	6.6	0.5	3.7	9.9	-5.5

Source: Ruffer LLP, FTSE International (FTSE) †

Ruffer Total Return International as at 31 Mar 2021

Asset allocation



Asset allocation	%
● Non-UK index-linked	16.6
● Illiquid strategies and options	9.6
● Index-linked gilts	9.0
● Long-dated index-linked gilts	7.9
● Gold and gold equities	6.7
● Short-dated bonds	5.5
● Cash	3.5
● UK equities	16.0
● North America equities	9.6
● Japan equities	8.6
● Europe equities	5.5
● Asia ex-Japan equities	1.4
Currency allocation	%
● Sterling	76.7
● US dollar	11.2
● Gold	6.8
● Yen	2.6
● Euro	0.2
● Other	2.5

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
iShares Physical Gold	2.3
Barclays	2.1
NatWest Group	1.6
BP	1.5
BT	1.4
Centene	1.3
Charles Schwab	1.2
Ambev SA	1.2
Bristol-Myers Squibb	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.0
UK Treasury 0.125% 2023	5.5
UK Treasury index-linked 0.125% 2068	4.5
US Treasury 0.625% TIPS 2021	3.0
US Treasury 0.875% TIPS 2029	2.6

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

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Fund size £2,706.6m

Fund information

Ongoing Charges Figure	1.44
Maximum annual management fee (O class)	1.5
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£1,000
O share classes	Capitalisation only (equivalent to accumulation)
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 O cap LU0638558808 B4R1SD2 EUR O cap LU0638558717 B42NV78 GBP O cap LU0638558634 B41Y053 USD O cap LU0638558980 B449LX0
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 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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