

Ruffer Total Return International

Positive returns with low volatility

During April, the fund price rose by 0.8%. This compared with a rise of 4.3% in the FTSE All-Share index and an increase of 0.5% in the FTSE Govt All Stocks index (all figures total returns in sterling).

After one of the worst quarters for US bonds this century, and the steepest fall in the Barclays Long Treasury Index in 40 years, it was inevitable there would be some form of pause. Having peaked on 31 March at 1.74%, the US 10 year bond yield finished the month at 1.63%. This move lower boosted the performance of the fund's positions in gold and inflation-linked bonds. Earlier this year, gold had been doubly punished by the combination of rising yields and a rallying US dollar, but two recent tactical changes in the portfolio's asset allocation have helped performance. First, we added to bullion and selected gold mining equities during March and April, having reduced gold exposure last summer in anticipation of a reflationary shift in markets ahead of the vaccine announcements in November. The fund's gold-related investments added 50bps during the month. Secondly, we took profits in some of the interest rate options that protected the fund so effectively as bond yields rose during the first quarter of 2021, thereby allowing us to capture some of the rebound in inflation-linked bonds. This combination of index-linked bonds, gold and interest rate protections, having been essentially neutral during the first quarter, contributed positively as US bond yields receded.

So, where next? Was April a pause for breath before a further move higher in yields and consequent move lower in bond prices? We think so but there will be an important shift in emphasis – we have probably seen the end of US reflation in isolation. The next leg down for conventional bonds will probably be driven by positive growth surprises from Europe, as the continent sees a sustained pick up in vaccination rates and starts to exit from lockdown. At the same time there appears to be growing political support for meaningful fiscal policy deployment in the coming months. This is a playbook we have already seen, except the baton is being passed from the US to continental Europe. It was instructive that the German 10 year bund yield rose 9bps over the month, in stark contrast to the moves seen in the US.

The fund's index-linked bonds, which we reduced slightly through sales of US TIPS during April, are shielded by interest rate options so they retain their inflation protection, but are buttressed against the powerful economic rebound we expect to see through 2021. The fund's equities remain concentrated in economically sensitive and cyclical companies. This equity bias, combined with protection against rising nominal bond yields, means the fund is positioned for reflation, but still protected from inflation. In a world where fiscal policy dominates, inflation is the risk all investors should be guarding against. But conventional portfolios, hamstrung by the fallacy of benchmarks, are pointing in the wrong direction. They back-test well in the disinflationary world of the last 40 years, but are institutionally wired to the assets that performed well in the last market regime rather than to those opportunities which exist in the new one.

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.

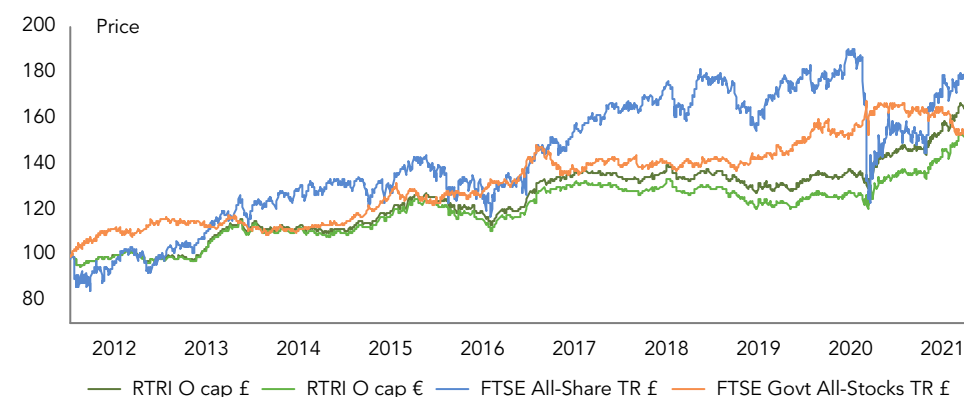


O class April 2021 Issue 118

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 30 April 2021
April 2021	0.8	O CHF capitalisation 147.18
Year to date	7.2	O EUR capitalisation 153.58
1 year	16.3	O EUR capitalisation 153.57
3 years	22.7	O GBP capitalisation 166.16
5 years	38.1	O USD capitalisation 172.29

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 30 Apr 2021

Asset allocation



Asset allocation	%
Index-linked gilts	9.5
Cash	9.3
Short-dated bonds	9.2
Illiquid strategies and options	9.1
Long-dated index-linked gilts	8.3
Gold and gold equities	7.2
Non-UK index-linked	5.6
UK equities	16.8
North America equities	9.5
Japan equities	8.3
Europe equities	5.8
Asia ex-Japan equities	1.4

Currency allocation	%
Sterling	81.6
Gold	7.3
US dollar	4.2
Yen	2.6
Euro	1.5
Other	2.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
iShares Physical Gold	2.3
Barclays	1.9
Alexion Pharmaceuticals	1.8
BP	1.7
NatWest Group	1.5
BT	1.4
GlaxoSmithKline	1.3
Bristol-Myers Squibb	1.2
Charles Schwab	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.5
UK Treasury 0.125% 2023	6.5
UK Treasury index-linked 0.125% 2068	4.6
US Treasury 0.625% TIPS 2021	2.9
UK Treasury index-linked 0.375% 2062	2.8

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

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Fund size £2,886.7m

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 LU2252564898 BMYP2W0 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 31 March 2021, assets managed by the Ruffer Group exceeded £22.2bn.

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