Ruffer Total Return International

Positive returns with low volatility

If ever there was a month to dig a little deeper than a cursory glance at the positive returns for both bonds and equities, it was March 2023. We began the month with US Federal Reserve Chairman Jerome Powell reintroducing volatility to the bond market after he noted that the Fed would again consider 50bp rate hikes. This moved bond yields higher for a matter of days before the collapse of Silicon Valley Bank in the US and the rushed acquisition of the long-troubled Credit Suisse by its Swiss counterpart UBS, as investors turned their backs on the weakest of financials. Policymakers have been swift in responding and we have likely survived a moment of acute stress. What has not been solved is the chronic shift of deposits away from bank accounts to higher yielding alternatives and the damaging effect this will pose to financial market liquidity.

The fund's duration assets, through inflation-linked government bonds and gold exposure, delivered positive contributions as yields fell. On the negative side of the ledger, the fund's exposure to commodity assets detracted from performance as uncertainty over the health of the global economy rose. Given the stability of the portfolio through these rapidly shifting sands, we resisted the temptation to make major changes. However, we did increase yen exposure to c 15% to enhance its role as a key protective asset in the portfolio's armoury.

There appears to be a growing dichotomy between the interpretation of recent events by bond and commodity markets compared to equities. The former are more than hinting that economic conditions are soon to deteriorate, whilst the latter is basking in another duration led rally catalysed by the fall in bond yields. We do not believe that both views can be held simultaneously for long. Our issue with the equity market's muscle memory is that given policymaker's battle with persistent inflation, you cannot have falling rates without a recession taking the heat out of the economy. We understand the logic that a lower discount rate makes future cash flows more valuable in the present, but we doubt that future cash flows will be unblemished in a tougher economic backdrop. Given this viewpoint, we continue to operate with a relatively modest exposure to risk assets (c 30% including equities and commodity exposure).

In 2022 investors were fixated on the rate of change of interest rates, however, we do not think financial markets are out of the woods even if policymakers appear to be reaching the final stages of their current rate hiking cycle. We operate in a financial system that has become accustomed to ever lower interest rates over the past four decades. The obvious outcome in such an environment is for leverage to increase – and increase it has. Whilst interest rates might have risen sharply over the last 12 months, the impact is not always felt instantaneously. As Warren Buffett once said, "only when the tide goes out do you learn who has been swimming naked". A repricing of the cost of capital has already taken out the giddiest parts of the market but the longer rates are held at current levels, the further the pain is likely to spread.

Jacques Hirsch left Ruffer at the end of March. Alex Lennard will continue to manage the fund and a new co-manager will be announced in due course.

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. Future performance is subject to taxation which depends on each investor's personal situation, and may be subject to change in the future.

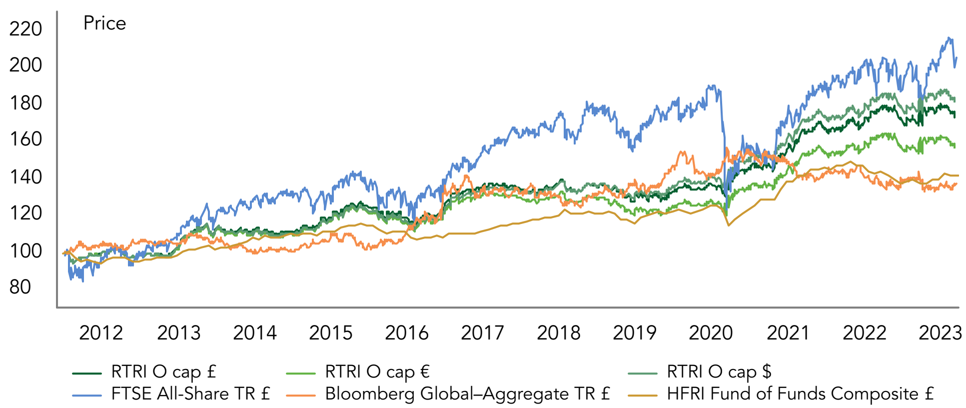
O and OI classes March 2023 **Issue 141**

Investment objective

The investment objective of the Ruffer Total Return International ('the fund') is to achieve low volatility, positive returns 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). Overriding this objective is a fundamental philosophy of capital preservation. Investors should note that there can be no assurance that the investment objective will be achieved.

Performance since fund launch on 14 July 2011

Past performance does not predict future returns



Performance O cap shares %	GBP	EUR	USD
March 2023	0.3	0.1	0.3
Year to date	-1.7	-2.1	-1.5
1 year	-1.6	-3.3	-1.0
3 years	30.3	26.4	31.9
5 years	31.6	24.5	37.7
10 years	56.5	42.5	64.3

Share price as at 31 March 2023		
O CHF	Capitalisation	1.5087
OI EUR	Capitalisation	1.5871
O EUR	Capitalisation	1.5858
O GBP	Capitalisation	1.7573
O USD	Capitalisation	1.8366
OI USD	Capitalisation	1.8379

12 month performance to March %	2019	2020	2021	2022	2023
RTRI O cap £	-2.1	3.2	22.2	8.4	-1.6
RTRI O cap €	-3.4	2.0	21.5	7.6	-3.3
RTRI O cap $	-0.6	5.0	22.7	8.5	-1.0
FTSE All-Share TR £	6.4	-18.5	26.7	13.0	2.9
Bloomberg Global–Aggregate TR £	7.2	9.5	-5.9	-1.9	-2.1
HFRI Fund of Funds Composite £	7.8	-0.7	11.5	6.1	5.3

Source: Ruffer LLP, FTSE International, Bloomberg, Hedge Fund Research Inc. The comparator benchmarks shown in this document is as stated in the fund's prospectus.

Ruffer Total Return International as at 31 Mar 2023

Asset allocation

Asset allocation	%
Short-dated bonds	20.0
Cash	12.2
Non-UK index-linked	9.3
Index-linked gilts	8.5
Long-dated index-linked gilts	7.9
Gold exposure and gold equities	7.2
Illiquid strategies and options	2.2
UK/Europe equities	11.0
Commodity exposure	9.2
North America equities	5.8
Asia ex-Japan equities	3.3
Japan equities	2.8
Other equities	0.6

10 largest equity holdings*

Stock	% of fund
Shell	1.5
BP	1.2
iShares MSCI China A UCITS ETF	1.2
Bayer AG	0.9
Ryanair	0.8
ArcelorMittal	0.8
Alibaba Group Holding	0.8
Hoya	0.7
Glencore	0.7
Taiwan Semiconductor Manufacturing Co	0.7

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	6.3
US Treasury 0.625% TIPS 2023	5.8
US Treasury FRN 31 Oct 2024	4.2
UK Treasury index-linked 0.125% 2068	3.4
Australian govt bonds 5.5% 2023	3.3

*Excludes holdings in Ruffer funds

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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Fund size £5,834.7m €6,640.3m

Fund information

		%
Ongoing Charges Figure		1.55
Maximum annual management fee (O class)		1.5
Annual management fee		1.4
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 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	CHF O cap	LU0638558808 B4R1SD2
	EUR OI cap	LU2252564898 BMYP2W0
	EUR O cap	LU0638558717 B42NV78
	GBP O cap	LU0638558634 B41Y053
	USD O cap	LU0638558980 B449LX0
	USD OI cap	LU2252564971 BMYP2X1
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 Manager

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 CISI. He is co-manager of two of Ruffer's flagship funds.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 February 2023, assets managed by the Ruffer Group exceeded £26.2bn.

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Notice for Investors in Switzerland: Ruffer SICAV's prospectus, KIIDs, articles of association and the annual and semi-annual reports are available free of charge at the offi ce of the Swiss representative: FundPartner Solutions (Suisse) S.A., Route des Acacias 60 CH – 1211 Geneva 73. Ruffer SICAV's paying agent in Switzerland is Banque Pictet & Cie S.A. of the same address.