

# Ruffer Total Return International

Positive returns with low volatility

During September the fund fell by 0.8%. This compares with a rise of 1.7% in the FTSE All-Share index and a decline of 2.3% in the FTSE All-Stocks Index (both figures total returns in sterling).

During Richard Nixon's visit to Beijing in 1972, the Chinese premier, Zhou Enlai, was asked about the consequences of the French Revolution of 1789. Zhou replied that it was 'too early to say'. A mere three months have passed since the UK voted to leave the EU and it is equally hard to say anything with certainty. However, it does seem clear the political establishment, academics and economists, have managed to err once again as the prognostications of instantaneous recession appear sensationalist. What little economic data we have for the UK, appears quite robust – so far.

The steep post-referendum fall in the value of the pound has continued but, away from the headlines, UK financial markets have powered ahead. Interestingly, currency markets and the stock market seem to be interpreting events differently – Europe's equities are down, lagging almost 20% behind the UK this year measured in local currencies, and yet, contrastingly, the Euro has remained resilient despite mounting challenges. Deutsche Bank's woes are only the latest iteration of the rolling banking crises, and we wait to see how any losses might be assigned. Wherever the blow lands this will set a precedent that will be closely watched across Europe.

In September the US Federal Reserve judged that that 'further evidence of recovery was required' before raising interest rates. This despite unemployment being at its lowest since 2007 and asset prices and household net worth at all-time highs. At a headline level, it appears that promises of 'easing' from central bankers and soothing words from politicians are still sufficient to becalm markets on the verge of trouble. The essential problem is that central bankers can control asset prices by printing money, cajoling investors and manipulating interest rates but not the economy. This fundamental disconnection between the economy and markets is growing wider – corporate profits peaked in 2014 and have been trending lower since. Investors are trying to have their cake and eat it – on the one hand they rejoice by contending that lower interest rates means stocks deserve to trade at higher prices, on the other hand they are wilfully blind that the lower rates are locked in place precisely due to grave concerns over future growth (which is the primary driver of future profits).

The relentless crushing of bond yields, weaker sterling and an increasing clamour for fiscal stimulus have been manna for our index-linked bonds which remain our crown jewels. The longest dated issues are up 62% this year and we have 15% of the portfolio in these (or similar) bonds. This is both a celebration and a warning; while non-negotiable in terms of their ultimate portfolio role, and we endeavour to protect them through the use of offsets, their high sensitivity means future bumpy moments cannot be ruled out.

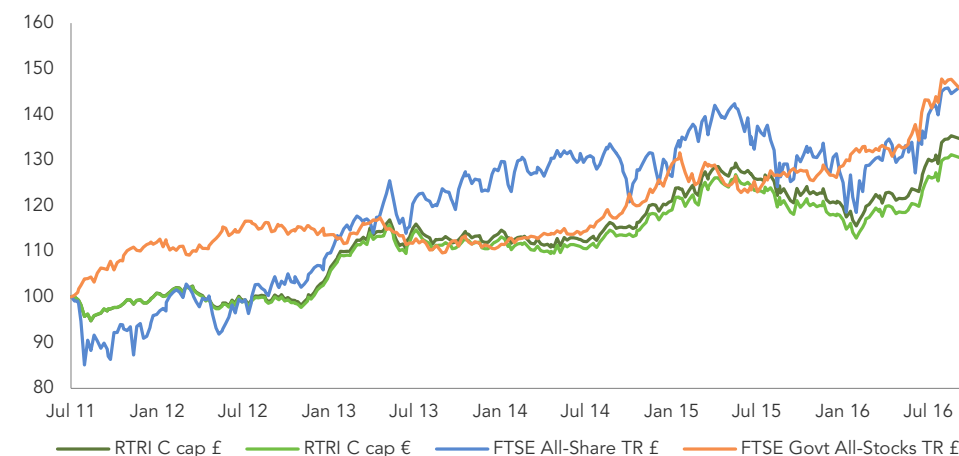
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## Investment objective

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 launch on 14 July 2011 – C class shares



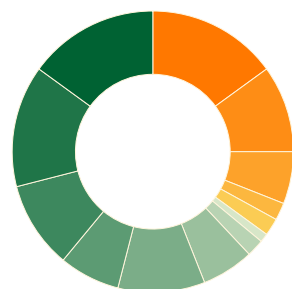
Performance %	September 2016	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	-0.8	11.0	11.3	19.4	37.9	na
Percentage growth (C GBP cap)		%		Share price as at 30 September 2016		
30 Sep 2015 – 30 Sep 2016		11.3	C CHF capitalisation			126.77
30 Sep 2014 – 30 Sep 2015		4.6	C EUR capitalisation			130.11
30 Sep 2013 – 30 Sep 2014		2.6	C EUR distribution			128.65
30 Sep 2012 – 30 Sep 2013		12.5	C GBP capitalisation			134.29
30 Sep 2011 – 30 Sep 2012		3.6	C GBP distribution			131.82
			C GBP income			131.56
			C USD capitalisation			132.40
			C USD distribution			131.14

Source: Ruffer LLP, FTSE International Limited (FTSE)<sup>†</sup>

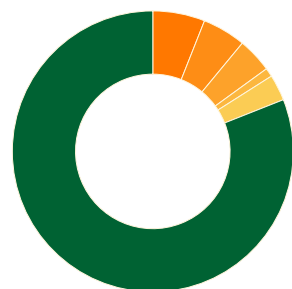
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# Ruffer Total Return International as at 30 September 2016

## Portfolio structure



Asset allocation	%		%
Long-dated index-linked gilts	15	Japan equities	15
Non-UK index-linked	14	UK equities	10
Index-linked gilts	10	North America equities	6
Short-dated bonds	7	Europe equities	2
Cash	10	Asia ex-Japan equities	2
Gold and gold equities	6		
Protective illiquid strategies	2		
Options	1		



Currency allocation	%
Sterling	81
Gold	6
Yen	5
US dollar	4
Euro	1
Other	3

## 5 largest of 12 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	8.6
UK Treasury index-linked 0.375% 2062	6.0
UK Treasury index-linked 0.125% 2019	5.8
UK Treasury Bill 0% 2016	4.8
US TIPS 1.25% 2020	4.5

Source: Ruffer LLP

## 5 largest of 53 equity holdings\*

Stock	% of fund
Sony	2.0
ORIX	1.9
Dai-ichi Life Insurance	1.8
Mitsubishi UFJ Financial	1.6
WestRock	1.5

\* Excludes holdings in pooled funds

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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.

Fund size £1,756.1m

## Fund information

		%
Ongoing Charges Figure*		1.13
Maximum annual management fee (C class)		1.2
Maximum subscription fee		5.0
Minimum investment (or equivalent in other currency)		£10,000,000
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 Thursday (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	CHF C cap LU0638557743 B45L1M4 EUR C cap LU0638557669 B4MRCS8 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPBZ2 USD C dis LU0779208890 B8BHY81	

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

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

\* Specific share classes available on request

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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 30 September 2016, assets managed by the Ruffer Group exceeded £20.1bn, of which over £11.1bn was managed in open-ended Ruffer funds.

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