

Ruffer Total Return International

Positive returns with low volatility

During December the fund price rose by 1.1%. This compares with a rise of 4.8% in the FTSE All-Share Index and 1.4% in the FTSE Government All-Stocks TR Index.

The return of 2.9% in the final quarter was respectable, but did not make up for an otherwise disappointing year when we only managed to eke out a return of 1.0%. In 2017 all major asset classes rose in value, and data for the last 90 years reveals it as being the only year in which US equities, measured by the S&P index, rose every month. With volatility nailed down at multi-decade lows, momentum was unsurprisingly the most successful investment style. In terms of our equity selection, our upbeat economic views, plus consideration of valuation, took us towards cyclical and financial stocks and away from the 'bond like' equities and technology darlings that provided the market leadership. We were right on the economy, but, in hindsight, wrong that the rise in bond yields that greeted the Trump victory in November 2016 would fizzle out quite so early in 2017 and not revive. While others made far superior returns, we do not regret the positions we held. Reflecting our primary investment objective of capital preservation, we will always hold protective assets; the difference these days in a world of zero interest rates is that they have a cost rather than yielding a small positive return.

President Trump finally chalked up a legislative victory through his tax reform bill. Its headline feature is a reduction in the US corporation tax rate from 35% to 21%; further measures within the package reduce capital allowances over time, and may spur an acceleration of capital expenditures in 2018. For this and other reasons, some have seen the legislation as providing economic stimulus to an economy already near its capacity limits, and as taking unnecessary risks with inflation and public finances. Companies such as Wells Fargo, AT&T and Comcast are all raising employee earnings as a direct response to the measures. Be that as it may, markets preferred to look on the bright side, taking equity and commodity prices generally higher, while bond yields remained broadly quiescent.

As we enter 2018, much of the commentary seems to call for more of the same in terms of the investment backdrop. While we are no more competent at market timing than the next person, we feel such an outcome is unlikely, not least given stability has the inconvenient propensity of begetting instability. If economic growth surges, inflationary bonfires emerge and central banks are deemed to be behind the curve, then our equity selection and interest rate swaptions should perform. If markets fall sharply then while the fund's equity holdings will not be immune from damage, our equity protections should soar. If there is an economic relapse, the likely fiscal response will boost inflation expectations. While we cannot prepare for every eventuality, we are trying to address the difficult questions others are shying away from and we would like to think at least some of the major risks are covered, whilst leaving enough on the table to generate positive returns going forward.

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, Finland, France, Germany, Ireland, Italy (qualified investors only), Luxembourg, the Netherlands, Portugal, Singapore (institutional and accredited investors only), Spain, Sweden, Switzerland (qualified investors only) and the UK. The fund's prospectus is provided in English; Key Investor Information Documents are provided in Dutch, English, French, German, Italian, Portuguese, Spanish and Swedish and are available on request or from www.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.

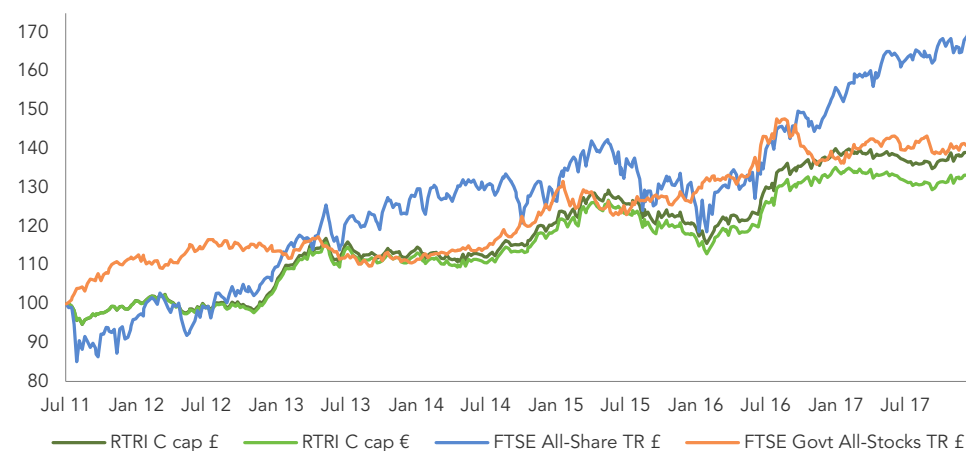


C class December 2017 Issue 78

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



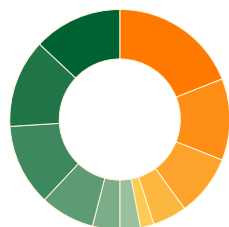
Performance %	December 2017	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	1.1	1.0	1.0	16.1	35.2	na
Percentage growth (C GBP cap)	%		Share price as at 31 December 2017			
31 Dec 2016 – 31 Dec 2017	1.0		C CHF capitalisation	129.39		
31 Dec 2015 – 31 Dec 2016	14.3		C EUR capitalisation	133.59		
31 Dec 2014 – 31 Dec 2015	0.6		C EUR distribution	131.76		
31 Dec 2013 – 31 Dec 2014	6.0		C GBP capitalisation	139.64		
31 Dec 2012 – 31 Dec 2013	9.8		C GBP distribution	136.50		
			C GBP income	134.04		
			C USD capitalisation	139.18		
			C USD distribution	137.36		

Source: Ruffer LLP, FTSE International Limited (FTSE)[†]

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 31 December 2017

Asset allocation



Asset allocation	%
● Cash	13
● Long-dated index-linked gilts	13
● Non-UK index-linked	12
● Index-linked gilts	8
● Gold and gold equities	4
● Illiquid strategies	3
● Japan equities	19
● UK equities	12
● North America equities	9
● Europe equities	5
● Asia ex-Japan equities	2
Currency allocation	
● Sterling	79
● Yen	8
● US dollar	5
● Gold	4
● Euro	1
● Other	3

Currency allocation



10 largest of 62 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	3.6
Sumitomo Mitsui Financial	2.4
Mitsubishi UFJ Financial	2.4
Sony	2.1
Tesco	2.0
ORIX	2.0
Lloyds Banking	1.9
Vivendi	1.8
Walt Disney	1.5
Mizuho Financial	1.3

5 largest of 9 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.3
UK Treasury index-linked 0.375% 2062	5.8
US TIPS 1.25% 2020	5.3
UK Treasury index-linked 0.125% 2019	4.5
US TIPS 0.625% 2021	3.5

*Excludes holdings in pooled funds
Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 £2,357.9m

Fund information

Ongoing Charges Figure*	1.12	%
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 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	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

Depository bank Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

* As at 31 Dec 2016. Specific share classes available on request

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.

† © FTSE 2017. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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 December 2017, assets managed by the Ruffer Group exceeded £22.8bn, of which over £14.0bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London SW1E 5JL www.ruffer.co.uk

Notice for Investors in Switzerland: Ruffer SICAV has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). Any offering materials relating to Ruffer SICAV may be made available in Switzerland solely to Qualified Investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended. Ruffer SICAV's prospectus, KIIDs, articles of association and the annual and semi-annual reports are available free of charge at the office 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.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2017