

Ruffer Total Return International

Positive returns with low volatility



C class April 2018 Issue 82

During April the fund price rose by 1.4%. This compared with a rise of 6.4% in the FTSE All-Share Index and a decline of 1.0% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

April proved in the event not to be the cruellest month. World equities rose by around 3% in sterling, although this outturn was helped by a 2% fall in the value of the pound against the US dollar. Sterling's decline appears attributable to two interrelated factors: the Bank of England governor Mark Carney's musings that a rise in UK bank rate in May might not be a done deal, and weaker economic numbers for the UK, showing the domestic economy lagging well behind the US and the rest of Europe and suggesting that UK GDP growth is slowing. How much of this slowdown is attributable to Brexit concerns, and how much is weather related, due to the temporary effects of the 'Beast from the East' cold spell, we will only learn from the coming months' data releases. Either way, the pound's weakness against the dollar in the second half of April proved supportive of our recent shift out of sterling to holding 15% in the US dollar. This was driven by our conviction that the dollar could act as a protection asset, rising when equity and bond markets fall.

The UK was the standout equity market in April. Sterling's fall gave some succour to overseas earners, and a 7% rise in the oil price to \$75 per barrel caused a double-digit surge in the share prices of UK quoted oil majors held in the portfolio such as BP and Shell. In addition we, and indeed some other investors, could hardly fail to notice the chronic weakness on a global basis in recent months of the UK equity market, whether driven by fears around Brexit or the risk of political change. To our minds this trend has thrown up opportunities either in multinationals seemingly penalised for their UK domicile, or in consumer-facing businesses where their prospects are deemed to be fatally compromised. Clearly with disrupters in full cry one has to be very sure of one's ground in the latter category; in terms of recent purchases on the fund GlaxoSmithKline would be an example of the former and Dixons Carphone of the latter.

There has been an upsurge in merger and acquisition activity in recent weeks. Our holding in Shire was a direct beneficiary of Takeda's advances and the Asda/Sainsbury merger will have an impact on our holding in Tesco, which is already up some 18% from this year's low. If permitted, the deal will create a near equal competitor in the UK in terms of market share, however this may also be accompanied by a more orderly and rational approach to pricing. Overall, \$120bn worth of worldwide deals were announced on the last day of the month, and cumulative activity this year, at \$1,677bn, is the highest since 2007. Perhaps an ominous portent. In addition there has been a sharp increase in the share element of such deals, with all-cash deals at a three-year low. Takeover activity invariably rises as the equity cycle matures: while in the short-term such activity can be supportive of share prices, we should also be acutely aware of its Janus-type characteristics.

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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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	1.4	-0.9	-0.2	8.5	21.0	na

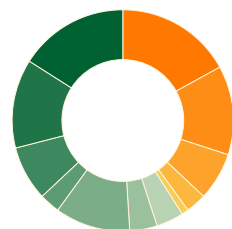
Percentage growth (C GBP cap)	%	Share price as at 30 April 2018
31 Mar 2017 – 31 Mar 2018	-1.6	C CHF capitalisation 127.66
31 Mar 2016 – 31 Mar 2017	13.5	C EUR capitalisation 131.94
31 Mar 2015 – 31 Mar 2016	-2.9	C EUR distribution 130.13
31 Mar 2014 – 31 Mar 2015	12.0	C GBP capitalisation 138.39
31 Mar 2013 – 31 Mar 2014	-0.4	C GBP distribution 135.28
		C GBP income 132.84
		C USD capitalisation 138.44
		C USD distribution 136.63

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 30 April 2018

Asset allocation



Asset allocation

Asset allocation	%
● Non-UK index-linked	16
● Long-dated index-linked gilts	13
● Index-linked gilts	8
● Short-dated bonds	3
● Cash	11
● Gold and gold equities	4
● Illiquid strategies	4
● Japan equities	17
● UK equities	13
● North America equities	7
● Europe equities	3
● Asia ex-Japan equities	1

Currency allocation

Currency allocation	%
● Sterling	73
● US dollar	15
● Yen	6
● Gold	4
● Other	2

Currency allocation



10 largest of 55 equity holdings*

Stock	% of fund
Tesco	3.0
Dai-ichi Life Insurance	3.0
Mitsubishi UFJ Financial	2.3
Sumitomo Mitsui Financial	2.2
ORIX	2.0
Walt Disney	1.7
Sony	1.5
Royal Bank of Scotland	1.5
Vivendi	1.3
Japan Post Holdings	1.3

5 largest of 10 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.1
US TIPS 1.25% 2020	6.5
UK Treasury index-linked 0.375% 2062	5.6
UK Treasury index-linked 0.125% 2019	4.6
US TIPS 0.625% 2021	3.5

*Excludes holdings in pooled funds
Source: Ruffer LLP

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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 £2,305.6m

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 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 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 22 Jan 2018. 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.

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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 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn was managed in open-ended Ruffer funds.

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