

Ruffer Total Return International

Positive returns with low volatility

During September the fund price fell by 3.0%. This compared with a fall of 2.7% in the FTSE All-Share Index and a gain of 1.2% in the FTSE All-Stocks Index (both figures total returns in sterling).

September has rounded off what has been a difficult quarter for both the portfolio and risk assets in general. Indeed the third quarter proved to be the weakest period for stock markets for some years, with many suffering their worst declines since 2008, and the extent and distribution of the falls have hurt the portfolio. While we have avoided much of the damage in the commodity and emerging market areas, the pain has been fairly universal and previously profitable positions such as the portfolio's Japanese equities have been hit particularly hard. Not only was Japan the best performing developed market by some distance in the first half of the year, prompting investors to lock in profits, but also its position as the most liquid market in Asia made it the easiest place to fund redemptions following concerns about the slowdown in China and subsequent market rout.

The portfolio's bond holdings provided only a limited offset to the stock market falls; duration did not provide the same benefits seen earlier this year as market participants focused on the prospect of the Fed raising rates in September. However, these could re-emerge as a powerful offset if the prospect of further stimulus increases. This view was reinforced by the inaction of Janet Yellen and the Federal Reserve in September. The US economy is performing well, unemployment is approaching 'natural' levels and the consumer is recovering strongly, however in postponing the much discussed first rate rise the Fed has shown itself to be in hock to financial markets. So whilst deflationary conditions persist the authorities are likely to remain in stimulatory mood, providing support to assets prices.

Option positions, specifically VIX (volatility) calls, delivered potent protection in August. While we took some profits in these positions we thought it unwise to sell them all in the event that the sell-off in markets accelerated. In fact volatility subsided from its highs and the value of these options fell back, weighing on performance in September.

It is not yet clear that the current market pessimism is entirely warranted but we are conscious that market falls can become self-feeding. Although recent developed market economic data has not been especially weak that is not a reason for complacency – the reaction of markets to the Federal Reserve's decision not to raise interest rates suggests further volatility ahead.

A trip to Japan two weeks ago let us re-test our views and provided reassurance, despite the recent weakness of our holdings. Indeed Japanese corporate profits are at all-time highs and what is already the most optimistic outlook among major markets is being revised up, not down. Sentiment on emerging markets and related areas such as commodities also now appears to be excessively negative, impacting equity markets in general and discounting a weaker environment than we see. Therefore we are maintaining our equity weighting and looking for opportunities to add to oversold positions.

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O class September 2015 Issue 51

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 – O class shares



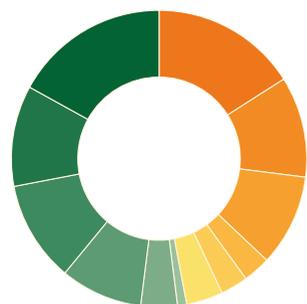
Performance %	September 2015	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-3.0	0.1	4.3	19.6	na	na
Percentage growth (O GBP cap)		%				
30 Sep 2014 – 30 Sep 2015	4.3		O CHF capitalisation 114.23			
30 Sep 2013 – 30 Sep 2014	2.2		O EUR capitalisation 116.48			
30 Sep 2012 – 30 Sep 2013	12.2		O GBP capitalisation 119.00			
30 Sep 2011 – 30 Sep 2012	3.3		O USD capitalisation 117.50			
30 Sep 2010 – 30 Sep 2011	na					

Source: Ruffer LLP

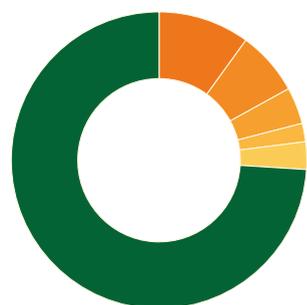
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 30 September 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	16
● Long-dated index-linked gilts	11	● UK equities	11
● Index-linked gilts	11	● North America equities	10
● Cash	9	● Europe equities	3
● Gold and gold equities	4	● Asia ex-Japan equities	3
● Options	1	● Illiquid strategies	4



Currency allocation	%
● Sterling	74
● Yen	10
● US dollar	7
● Gold	4
● Euro	2
● Other	3

5 largest of 8 bond holdings

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.0	Dai-ichi Life Insurance	2.7
UK Treasury index-linked 1.875% 2022	5.7	Mizuho Financial	2.3
US TIPS 0.625% 2021	5.6	Mitsubishi UFJ Financial	2.2
US TIPS 1.25% 2020	4.9	Sumitomo Mitsui Financial	2.1
UK Treasury index-linked 0.125% 2019	4.8	Lloyds Banking	2.1

Source: Ruffer LLP

5 largest of 64 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.7
Mizuho Financial	2.3
Mitsubishi UFJ Financial	2.2
Sumitomo Mitsui Financial	2.1
Lloyds Banking	2.1

* Excludes holdings in pooled funds

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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 **£1,197.1m**

Fund information

Ongoing Charges Figure	1.49
Maximum annual management fee (O class)	1.5
Maximum subscription fee	5.0
Minimum investment (or equivalent in CHF, EUR, SEK or USD)	£1,000
O share classes	Capitalisation only (equivalent to accumulation)
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 O cap LU0638558808 B4R1SD2 EUR O cap LU0638558717 B42NV78 GBP O cap LU0638558634 B41Y053 GBP 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

Custodian

Pictet & Cie (Europe) S.A.

Auditors

Ernst & Young S.A.

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. He 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 2015, assets managed by the Ruffer Group exceeded £17.7bn, of which over £8.9bn was managed in open-ended Ruffer funds.

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