

Ruffer Total Return International

Positive returns with low volatility

During October the fund's O GBP capitalisation shares rose by 2.2%. This compared with a rise of 4.7% in the FTSE All-Share Index and a fall of 1.1% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

There is an old saying 'stock markets aim to cause the most pain to the most people' and after a bruising month like September perhaps participants had become too pessimistic and the pain trade turned out to be the snapback rally across risk assets we saw this month. Whatever the reason, the bounce back in equities helped our portfolio recover much of the losses of last quarter, especially with Japan leading the rally. Positive contributions to the portfolio came from both western equities, where Boeing and Oracle in particular posted strong results, and our Japanese financial stocks outperformed the market (itself up around 10%). The storm clouds of the third quarter have lifted and most markets are back into positive territory for the year. However, there have been casualties – performance across managers and across sectors has been diverging and this dispersion is potentially signalling a new market regime.

The global monetary policy environment continues to be one of shifting sands and evolving opinions. Recently, Mario Draghi alluded to the European Central Bank's (ECB) need to consider 'all the options' available to stave off deflation and hinted at an imminent rate cut, moving deeper into negative interest rates. Whilst, in the Financial Times, Wolfgang Münchau (associate editor) has published articles which champion giving each EU citizen a cheque for €5,000. If this doesn't take care of the 'inflation problem' (remember stable or falling prices really are a problem in an overly indebted world) then the ECB should send another cheque. Willem Buiter, Chief Economist at Citi and Andy Haldane at the Bank of England have both proposed the abrogation of cash. These are quite incredible ideas proposed by credible people. A key feature of today's environment is the confidence placed in the success of radical policy experiments and a failure to concede the inevitability of some negative unforeseen consequences. One interesting distinction is unlike quantitative easing, so called 'helicopter drops' or outright monetary finance cannot be undone – that genie does not go back into the bottle. While we do not know what the unintended consequences might be, history cautions us not to expect a free lunch.

Across the Atlantic, the 'will they, won't they' two-step on rate hikes has pirouetted once again and the Fed governors are now making hawkish noises, signalling a move before the year-end. This time around markets have reacted positively to this development and the signal it sends over the Fed's economic confidence. Additionally, it suggests September's confused communication and non-hike was just the first policy mistake of what will be a treacherous exit from zero rates. If the Fed hikes rates and the ECB cuts rates in the same month it will be the first time since May 1994 – a stark indication of the perceived diverging economic performance on either side of the Atlantic.

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O class October 2015 Issue 52

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 %	October 2015	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	2.2	2.3	5.7	23.0	na	na
Percentage growth (O GBP cap)	%		Share price as at 31 October 2015			
30 Sep 2014 – 30 Sep 2015	4.3		O CHF capitalisation		116.66	
30 Sep 2013 – 30 Sep 2014	2.2		O EUR capitalisation		119.00	
30 Sep 2012 – 30 Sep 2013	12.2		O GBP capitalisation		121.61	
30 Sep 2011 – 30 Sep 2012	3.3		O USD capitalisation		120.06	
30 Sep 2010 – 30 Sep 2011	na					

Source: Ruffer LLP

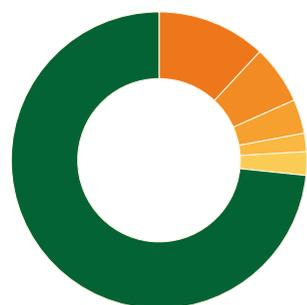
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 31 October 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	16	● Japan equities	18
● Cash	11	● UK equities	10
● Long-dated index-linked gilts	10	● North America equities	10
● Index-linked gilts	10	● Europe equities	3
● Gold and gold equities	4	● Asia ex-Japan equities	3
		● Illiquid strategies	5



Currency allocation	%
● Sterling	73
● Yen	12
● US dollar	6
● Gold	4
● Euro	2
● Other	3

5 largest of 8 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.6
UK Treasury index-linked 1.875% 2022	5.5
US TIPS 0.625% 2021	5.3
US TIPS 1.25% 2020	4.6
UK Treasury index-linked 0.125% 2019	4.6

5 largest of 61 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.9
Mizuho Financial	2.4
Mitsubishi UFJ Financial	2.3
Sumitomo Mitsui Financial	2.1
Lloyds Banking	2.0

Source: Ruffer LLP

* 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 **£1,246.3m**

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 31 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.3bn was managed in open-ended Ruffer funds.

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