

Ruffer Total Return International

Positive returns with low volatility

During December the share price fell by 1.5%. This compared with falls of 1.3% in the FTSE All-Share Index and 1.0% in the FTSE Government All-Stocks Index (both figures being total returns in sterling).

December ended on a largely glum note for financial assets. While the US Federal Reserve proceeded with their largely expected rise in interest rates, there was acute disappointment that the European Central Bank did not expand its asset purchase programme, as many investors had hoped. The immediate upshot of this latter event was violent offsetting moves in eurozone equities, (down), and the euro (up), thus providing a further worrying example of how crowded certain trades have become.

Several concerns led us during December to reduce our equity positions, which are now at their lowest levels since launch. While the eurozone and indeed Japan might be sources of positive economic surprises, both areas being major beneficiaries from the collapse in oil prices, there remains a significant disconnection between investors and the Federal Reserve around the pace of US monetary tightening. At the same time continued low commodity prices could have negative spillover effects on the corporate credit market, an asset class not always notable for plentiful liquidity. Further afield, while the service sector in China is exhibiting signs of stability and even growth, manufacturing there continues to contract, generating fears of further devaluations of the Chinese currency. Away from economics, the lack of breadth and very narrow leadership in the US equity market may well be evidence of a mature stock market cycle. Stronger economic growth and positive economic surprises, which have been recently in short supply, are undeniably necessary conditions for any broadly-based rise in equity markets.

In fairness our central view is not to see 2016 as necessarily catastrophic for economic growth. However profits growth, particularly in the US, has decelerated sharply, and growth in US share buybacks, which has been a key driver in terms of market performance, has ground to a halt. The holy grail of wage inflation, desired by both workers and politicians of all hues, could well damage margins if it materialises, aiding labour at the expense of capital. Furthermore the fact that monetary stimulus appears exhausted in the US, and policy is indeed reversing, has led us for some while to the view that the rate of economic growth desired by politicians and necessary for debt reduction will require a greater role for fiscal policy, which might well raise inflationary expectations. In a sense we are seeing that already; Chancellor Osborne's latest sleight-of-hand around the UK budget deficit numbers fooled few, and the demands brought about by the migrant crisis in Europe will furnish a further excuse for fiscal slippage.

Markets are there to make fools of all forecasters, ourselves very much included, and the experience of recent years has certainly taught us to take nothing for granted. Having taken some more equity exposure off the table recently we are presently seeking to exercise the virtues of patience and watchfulness, content in the knowledge that should opportunities present themselves we have the resources to endeavour to profit from them.

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, 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, 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.

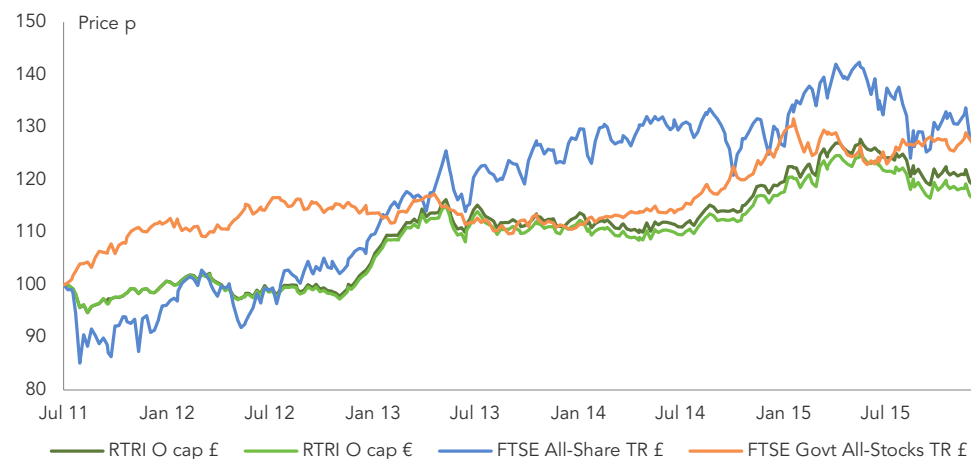


O class December 2015 Issue 54

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



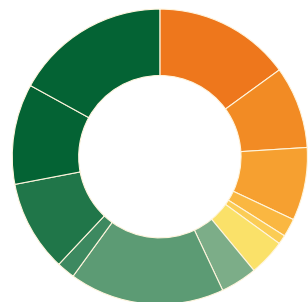
Performance %	December 2015	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-1.5	0.3	0.3	16.0	na	na
Percentage growth (O GBP cap)	%		Share price as at 31 December 2015			
31 Dec 2014 – 31 Dec 2015	0.3		O CHF capitalisation		114.08	
31 Dec 2013 – 31 Dec 2014	5.7		O EUR capitalisation		116.51	
31 Dec 2012 – 31 Dec 2013	9.5		O GBP capitalisation		119.23	
31 Dec 2011 – 31 Dec 2012	3.3		O USD capitalisation		117.65	
31 Dec 2010 – 31 Dec 2011	na					

Source: Ruffer LLP

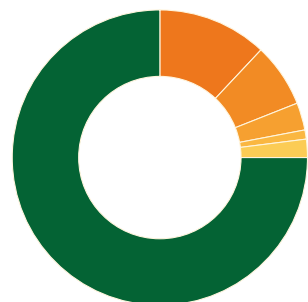
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 31 December 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	15
● Long-dated index-linked gilts	11	● UK equities	9
● Index-linked gilts	10	● North America equities	8
● Short-dated bonds	2	● Asia ex-Japan equities	2
● Cash	17	● Europe equities	1
● Gold and gold equities	4	● Illiquid strategies	4



Currency allocation	%
● Sterling	75
● Yen	12
● US dollar	7
● Gold	3
● Euro	1
● Other	2

5 largest of 9 bond holdings

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.7	Dai-ichi Life Insurance	2.5
US TIPS 0.625% 2021	5.4	Lloyds Banking	2.1
UK Treasury index-linked 1.875% 2022	5.4	The Boeing Company	2.0
US TIPS 1.25% 2020	4.7	Mitsubishi UFJ Financial	1.9
UK Treasury index-linked 0.125% 2019	4.5	Mizuho Financial	1.8

5 largest of 51 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.5
Lloyds Banking	2.1
The Boeing Company	2.0
Mitsubishi UFJ Financial	1.9
Mizuho Financial	1.8

Source: Ruffer LLP

* Excludes holdings in pooled funds

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 **£1,417.1m**

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 31 December 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.3bn was managed in open-ended Ruffer funds.

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 2016

Enquiries

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk

www.ruffer.co.uk