

# Ruffer Total Return International

Positive returns with low volatility

During January the share price fell by 1.8%. This compared with a fall of 3.1% in the FTSE All-Share Index and a rise of 3.6% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

January proved to be yet another torrid month for risk assets as global equity markets suffered their worst start to the year since 2009. Many of the fears that troubled investors in the latter half of 2015 continued to weigh heavily on asset prices. Oil prices fell yet further; the Brent price was down 7% having already fallen 69% since the end of 2013. The ongoing weakness and volatility of the renminbi have been perceived as evidence of a further slowdown in China. The 23% fall in Chinese equities provided another illustration of these worries. Elsewhere, rising concerns of a potential recession in the US ensured a difficult environment for investors. Last year we reduced our equity exposure to its lowest level since the financial crisis. While this helped and inflation linked bonds and gold investments provided positive returns during the month, it was not sufficient to offset the losses in our remaining equity positions.

The second half of January was punctuated by a further round of plate spinning from the world's major central bankers. Mario Draghi provided some respite to embattled markets by indicating that the European Central Bank (ECB) stood ready to inject fresh stimulus, should it be required. Mr Draghi was then trumped by Haruhiko Kuroda (Governor of the Bank of Japan); despite having ruled out the possibility only eight days earlier Mr Kuroda and the Bank of Japan became the latest major central bank to introduce negative rates, following in the footsteps of Switzerland, Denmark, Sweden and the ECB. These actions highlight the growing disparity between the US and the other major economies around the world. Despite providing investors with soothing tones, the Federal Reserve still appears to be intent on raising rates four times in 2016. Market expectations are less optimistic. The Federal Reserve will have to decide whether it wants to continue tightening policy for reasons of financial stability or defer hikes until growth (and inflation) show themselves fully. This highlights the dilemma the authorities face; not only are their efforts to normalise monetary policy potentially being overcome by deflationary forces, but there is little left in the conventional central banker's tool kit to respond to further shocks. This suggests that yet more radical measures may be required. Anyone for fiscal stimulus? The actions of the Bank of Japan and the words from the ECB may allow some of the more acute stresses to abate in the short term. However, we are likely to see continued tension between the deflationary impulses and the upward pressure on asset prices from zero (and lower) interest rates resulting in further episodes of whiplash in equity markets.

We re-introduced a holding in Japanese property developer Mitsui Fudosan whose share price had fallen back to levels not seen since the launch of 'Abenomics'. The shares now trade at a significant discount to net asset value and should benefit from the growing disparity between rental yields and Japanese government bond yields; following the action of the Bank of Japan government bond yields now trade at a negative yield for maturities out to nine years. It is also likely that rents will continue to rise as the domestic economy improves.

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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 – O class shares



Performance %	January 2016	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-1.8	-1.8	-4.2	8.2	na	na

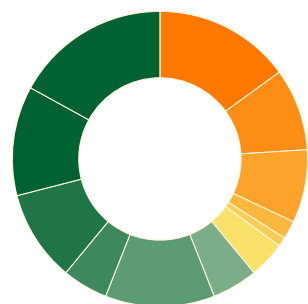
Percentage growth (O GBP cap)	%	Share price as at 31 January 2016
31 Dec 2014 – 31 Dec 2015	0.3	O CHF capitalisation 111.99
31 Dec 2013 – 31 Dec 2014	5.7	O EUR capitalisation 114.43
31 Dec 2012 – 31 Dec 2013	9.5	O GBP capitalisation 117.11
31 Dec 2011 – 31 Dec 2012	3.3	O USD capitalisation 115.64
31 Dec 2010 – 31 Dec 2011	na	

Source: Ruffer LLP

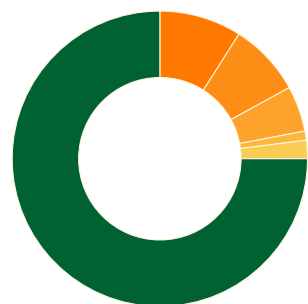
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# Ruffer Total Return International as at 31 January 2016

## Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	15
● Long-dated index-linked gilts	12	● UK equities	9
● Index-linked gilts	10	● North America equities	8
● Short-dated bonds	5	● Asia ex-Japan equities	2
● Cash	12	● Europe equities	1
● Gold and gold equities	5	● Illiquid strategies	4



Currency allocation	%
● Sterling	75
● Yen	9
● US dollar	8
● Gold	5
● Euro	1
● Other	2

## 5 largest of 10 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.2
US TIPS 0.625% 2021	5.7
UK Treasury index-linked 1.875% 2022	5.4
US TIPS 1.25% 2020	4.9
0.375% Treasury index-linked 2062	4.5

Source: Ruffer LLP

## 5 largest of 55 equity holdings\*

Stock	% of fund
Dai-ichi Life Insurance	2.4
The Boeing Company	1.9
Lloyds Banking	1.8
Gold Bullion Securities	1.8
Mizuho Financial	1.5

\* 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 **£1,439.8m**

## 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 January 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.2bn was managed in open-ended Ruffer funds.

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