

Ruffer Total Return International

Positive returns with low volatility

During February the share price rose by 0.1%. This compared with a rise of 0.8% in the FTSE All-Share Index and a rise of 1.4% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

Recent unexceptional monthly returns from equity markets have masked significant underlying volatility, with global indices falling far enough at one point during the month to enter officially a bear market. February's volatility derived from the aftershocks of the Bank of Japan's implementation of negative interest rates on excess bank reserves. While they were not alone in taking this step (Sweden, Switzerland, Denmark and the European Central Bank are already there) the impact of the decision was more profound and spread far outside Japan. Global banks (including our Japanese ones), already under pressure following the falls in energy and commodity prices, were knocked again, forcing a 'nothing-to-see-here' announcement from Deutsche Bank. The gold price perked up as the credibility of central banks was called into question and markets fretted over the possibility of a rerun of the 2008 crisis. This opened the door for the whispers of more radical policy response to become mainstream. The usual proponents of fiscal stimulus, including Larry Summers and Adair Turner, were at the forefront and they were joined by other heavyweights such as Ray Dalio. The short message (put succinctly by Martin Wolf quoting Sherlock Holmes): there is always more that can be done – 'when one has exhausted the just about possible, what remains, however improbable, must be the answer'.

Since 2008 we have seen a continual creep in the radical becoming mainstream. Quantitative easing, once considered reckless, is now a primary policy tool. Zero interest rates were implausible, but now negative rates are becoming widespread. This drift into more and more radical areas of monetary policy, while necessary as an antidote to the high-debt/low-growth hangover of the financial crisis, comes with significant risks. Fiscal tools are blunt and their use greatly increases the chances of a slip-up and the accompanying loss of confidence in paper money as a store of value (or its electronic equivalent if the proponents of the cashless society have their way). The direction of travel remains constant and the harder it becomes to generate sufficient economic growth for indebted economies to deleverage, the more experimental and extreme simulative policies will become. The economy where the introduction of fiscal stimulus faces the fewest impediments may well be Japan. Interestingly, there are Upper House elections in July and this will be a test of Abe's economic record to date. A pre-election announcement may not only be good for the economy and markets it could also be a vote winner.

In other news the debate on Brexit started in earnest with sterling being the principal casualty. There was a momentary lull in Chinese news flow although interestingly the moment of most acute stress for Japanese equities was when Shanghai was closed for a week over Chinese New Year – a reminder of last summer when Japan suffered as a proxy short when two thirds of the Chinese market was suspended. These effects are usually short lived.

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O class February 2016 Issue 56

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



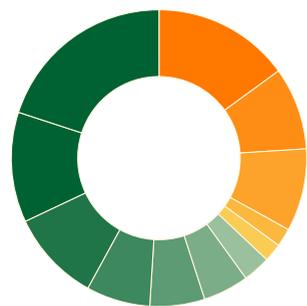
Performance %	February 2016	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	0.1	-1.7	-4.7	6.7	na	na
Percentage growth (O GBP cap)	%		Share price as at 29 February 2016			
31 Dec 2014 – 31 Dec 2015	0.3	O CHF capitalisation		112.04		
31 Dec 2013 – 31 Dec 2014	5.7	O EUR capitalisation		114.53		
31 Dec 2012 – 31 Dec 2013	9.5	O GBP capitalisation		117.24		
31 Dec 2011 – 31 Dec 2012	3.3	O USD capitalisation		115.68		
31 Dec 2010 – 31 Dec 2011	na					

Source: Ruffer LLP

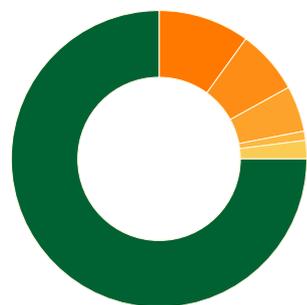
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 29 February 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	20	● Japan equities	15
● Long-dated index-linked gilts	12	● UK equities	9
● Index-linked gilts	10	● North America equities	9
● Gold and gold equities	7	● Europe equities	2
● Cash	6	● Asia ex-Japan equities	2
● Short-dated bonds	5		
● Illiquid strategies	3		



Currency allocation	%
● Sterling	75
● US dollar	10
● Gold	7
● Yen	5
● Euro	1
● Other	2

5 largest of 11 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	5.3
US TIPS 1.25% 2020	4.9
US TIPS 0.75% 2042	4.8

Source: Ruffer LLP

5 largest of 58 equity holdings*

Stock	% of fund
Gold Bullion Securities	2.2
Dai-ichi Life Insurance	2.2
Lloyds Banking	2.0
The Boeing Company	1.9
ORIX	1.6

* 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 **£1,461.0m**

Fund information

	%
Ongoing Charges Figure	1.51
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 USD 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 29 February 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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Enquiries

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

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

www.ruffer.co.uk