

Ruffer Total Return International

Positive returns with low volatility

The O cap GBP share rose by 2.6% in March. By way of comparison the FTSE All-Share Index rose by 1.9% and the FTSE All Stocks Index declined by 0.1% (both figures total return in sterling).

While it is pleasing to report on a month in which the fund price rose, financial market conditions at present could not be described as healthy. We would say that bipolar would be more appropriate. Having spent January and early February fretting that central banks had run out of options, risk assets have rallied strongly over the last six weeks, with the icing on the cake being soothing words out of the March meeting of the US Federal Reserve. This manic depressive nature of financial markets is to our minds symbolic of two features. There is still a high number of crowded positions, which coupled with lower liquidity, have the capacity to boost volatility and magnify movements. Secondly the global economic system is approaching something of a tipping point, where we will witness one of two very different outcomes: a normalisation (of sorts) of monetary policy, whereby economic growth returns and interest rates can leave emergency levels, or the failure of monetary policy, where the conviction grows that the main outcome of unconventional monetary policy has been the inflation of assets not economies, that any transmission mechanism to the real economy has been feeble in its operation, and that monetary policy itself cannot carry the day.

While we are firmly in the camp that argues for the second outcome, we are not blind to the fact that in most jurisdictions such a policy shift will take time. Much of the push for more active fiscal policy presently comes either from those not holding the levers of power, such as the International Monetary Fund, or from opposition politicians. With markets likely to continue to veer between these two outcomes, our present challenge is to have a portfolio that can cope with both. Within our equity selection that means, unfashionably, largely eschewing the 'bond like' equities that have done investors proud in recent years, and contrariwise owning some cyclical equity exposure such as US semiconductor company Texas Instruments or the recent purchase of Deutsche Post, the owner of DHL.

Already we are seeing the intellectual ground move around this debate. Markets blew a loud raspberry to the Bank of Japan's move to negative nominal interest rates at the end of January, deeming this as at best the last throw of the dice and at worst a policy mistake. Meanwhile last month's budget in Canada has set in train a live experiment in fiscal expansion, with Mr Trudeau's newly-elected government raising its deficit forecasts to fund infrastructure spending and cash handouts for those on lower incomes, with the full approval of the Bank of Canada. The helicopter might not have taken off, but the rotors are certainly beginning to whirl.

Evidence is growing that central banks are growing frustrated at being the only game in town, not least because years of ultra-accommodative monetary policy carries with it enormous moral hazard and threatens their financial stability objectives. To that extent while not being vocal about it, they would almost certainly welcome the opportunity to share the burden with governments of restoring a sustainable growth dynamic to the global economy.

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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



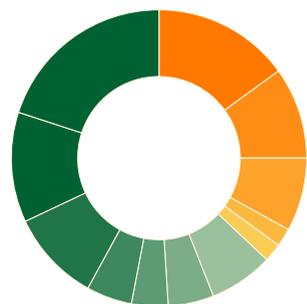
| Performance % | March 2016 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-------------------------------|------------|--------------|----------------------|---------------------------------|---------|----------|
| O GBP capitalisation shares | 2.6 | 0.9 | -3.3 | 7.2 | na | na |
| Percentage growth (O GBP cap) | | % | | Share price as at 31 March 2016 | | |
| 31 Mar 2015 – 31 Mar 2016 | | -3.3 | O CHF capitalisation | | 114.79 | |
| 31 Mar 2014 – 31 Mar 2015 | | 11.6 | O EUR capitalisation | | 117.40 | |
| 31 Mar 2013 – 31 Mar 2014 | | -0.7 | O GBP capitalisation | | 120.31 | |
| 31 Mar 2012 – 31 Mar 2013 | | 10.6 | O USD capitalisation | | 118.74 | |
| 31 Mar 2011 – 31 Mar 2012 | | na | | | | |

Source: Ruffer LLP

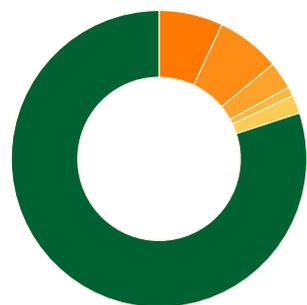
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 31 March 2016

Portfolio structure



| Asset allocation | % | | % |
|---------------------------------|----|--------------------------|----|
| ● Non-UK index-linked | 20 | ● Japan equities | 15 |
| ● Long-dated index-linked gilts | 12 | ● North America equities | 10 |
| ● Index-linked gilts | 10 | ● UK equities | 8 |
| ● Gold and gold equities | 7 | ● Europe equities | 2 |
| ● Cash | 5 | ● Asia ex-Japan equities | 2 |
| ● Short-dated bonds | 5 | | |
| ● Illiquid strategies | 4 | | |



| Currency allocation | % |
|---------------------|----|
| ● Sterling | 80 |
| ● US dollar | 7 |
| ● Gold | 7 |
| ● Yen | 3 |
| ● Euro | 1 |
| ● Other | 2 |

5 largest of 11 bond holdings

| Stock | % of fund | Stock | % of fund |
|--------------------------------------|-----------|-------------------------|-----------|
| UK Treasury index-linked 0.125% 2068 | 7.5 | The Boeing Company | 2.0 |
| US TIPS 0.625% 2021 | 5.7 | Mitsui Fudosan | 1.9 |
| UK Treasury index-linked 1.875% 2022 | 5.4 | Dai-ichi Life Insurance | 1.8 |
| US TIPS 0.75% 2042 | 4.9 | ORIX | 1.7 |
| US TIPS 1.25% 2020 | 4.9 | BP | 1.5 |

Source: Ruffer LLP

5 largest of 56 equity holdings*

| Stock | % of fund |
|-------------------------|-----------|
| The Boeing Company | 2.0 |
| Mitsui Fudosan | 1.9 |
| Dai-ichi Life Insurance | 1.8 |
| ORIX | 1.7 |
| BP | 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 £1,437.7m

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

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