

Ruffer Total Return International

Positive returns with low volatility



O class July 2016 Issue 61

During July the fund price rose by 3.4%. This compared with a rise of 4.0% in the FTSE All-Share Index and a rise of 2.0% in the FTSE All-Stocks Index (both figures total returns in sterling).

Our aim at Ruffer is always to provide investors with a safe passage through the squalls that frequent financial markets, whilst all the time keeping an eye open for the hurricanes that from time to time threaten to diminish the value of their savings. In the meantime, of course, we also endeavour to make decent returns when conditions seem less threatening.

In light of these seemingly contradictory aspirations, it is pleasing to report that we have delivered on our aims through the latest bout of turbulence, brought on by the UK's vote to leave the EU. In June we positioned the portfolio to minimise the threat of losses whichever way the vote went, whilst of course still keeping guard against the larger threat of future inflation. The vote is now history, the ramifications of which remain entirely unclear, and this unexpected outcome provoked just one of the aforementioned squalls in currency and stock markets. The fund navigated the immediate turmoil safely, as reported last month, and in fact emerged on the positive side. This month, as the dust has started to settle, we have made further gains, with Japanese equities and gold leading the way, whilst index-linked bonds and western equities have also played a supporting role.

Whither now from here? The consequences of the 'leave' vote, both for the UK and the rest of the EU, remain unknown, with short term economic indicators of little help. However, the ruling Conservative party has acted swiftly to put in place a new government, led by Theresa May. This, combined with the fall in the pound and the prospect of lower interest rates, has rallied markets so that in sterling terms UK equities are now up 5% since before the referendum, though still down a similar amount in almost all other currencies. At the moment there is little more of use that can be said on the potential impacts of Brexit, beyond the notion that monetary policy is set to remain extremely loose, as shown by last week's moves by the Bank of England.

That said, we can draw at least three conclusions from recent events. First, politics, and perhaps populism, are set to play a greater role in setting the economic agenda than they have for many decades, and not necessarily for the good. Secondly, as if sensing this, politicians are already moving away from austerity towards more fiscal interventions, with likely implications for inflation and real interest rates. Thirdly, at least for now, ever lower interest rates can still paper over the widening cracks appearing in underlying economies. The first two observations could hold true for some time, the last, we fear, could prove to be illusory. Hence our overall strategy has remained almost entirely unchanged, holding just sufficient equities to get by, but also keeping a firm grasp on the index-linked bonds we believe will be invaluable when negative real interest rates really start to take hold.

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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



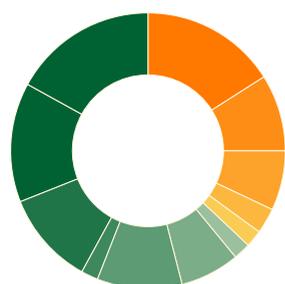
Performance %	July 2016	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	3.4	8.2	3.1	14.0	30.0	na
Percentage growth (O GBP cap)		%				
30 Jun 2015 – 30 Jun 2016		-0.5				
30 Jun 2014 – 30 Jun 2015		12.4				
30 Jun 2013 – 30 Jun 2014		0.0				
30 Jun 2012 – 30 Jun 2013		12.9				
30 Jun 2011 – 30 Jun 2012		na				

Source: Ruffer LLP

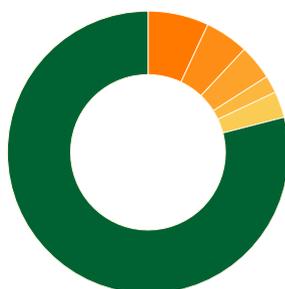
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 31 July 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	16
● Long-dated index-linked gilts	14	● UK equities	9
● Index-linked gilts	11	● North America equities	7
● Short-dated bonds	2	● Europe equities	3
● Cash	10	● Asia ex-Japan equities	2
● Gold and gold equities	7		
● Protective illiquid strategies	2		



Currency allocation	%
● Sterling	79
● Gold	7
● Yen	5
● US dollar	4
● Euro	2
● Other	3

5 largest of 12 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.9
UK Treasury index-linked 0.125% 2019	6.0
UK Treasury index-linked 0.375% 2062	5.4
US TIPS 1.25% 2020	4.6
UK Treasury index-linked 1.875% 2022	4.5

Source: Ruffer LLP

5 largest of 55 equity holdings*

Stock	% of fund
Sony	2.0
ORIX	1.9
Dai-ichi Life Insurance	1.8
Mitsubishi UFJ Financial	1.7
Mitsui Fudosan	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 **£1,678.4m**

Fund information

	%
Ongoing Charges Figure*	1.45-1.46
Maximum annual management fee (O class)	1.5
Maximum subscription fee	5.0
Minimum investment (or equivalent in other currency)	£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.

* Specific share classes available on request

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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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