

# Ruffer Total Return International

Positive returns with low volatility

During January the fund price rose by 0.6%. This compares with a fall of 0.3% in the FTSE All-Share Index and a decline of 1.7% in the FTSE All-Stocks Index (both figures total returns in sterling).

2017 began with a blizzard of forecasts and global prognostications from analysts, strategists and others of the now derided class formerly known as ‘experts’. Many of the same boffins who were confidently forecasting President Trump as a left tail event and a negative market shock just six months ago are now equally confident in anticipating a mini-boom in GDP fired by his policies of deregulation and tax-cuts. Given the heat and noise of the political and moral debate, never has the Buffetism been truer that forecasts usually tell us more about the forecaster than the future.

Whilst investors have reacted positively over the last couple of months, we are reaching a point where the market may require proof of success before advancing much further. Accordingly, our principal activity in January was to cut back equity exposure, taking profits in a range of stocks including BP, Deutsche Post and Fujitsu. This leaves, us we hope, going into 2017 with approximately the right balance between fear and greed in the portfolio. We hold index-linked bonds and some gold, to protect not only against inflation and negative real interest rates, but also to guard against surprise economic weakness, should Trump misfire. In the greed camp the equities are now turned toward cyclicals and financials, so as to benefit, should the current more positive growth environment bring with it the threat of higher interest rates.

Looking back to the events of last year, and their likely influence on markets in 2017, reminds us of a quotation from Vladimir Lenin: ‘There are decades where nothing happens; and there are weeks where decades happen.’ If one looks through a long enough lens, the period since 2009 feels like a single chapter in history. These post-crisis years were defined by a faltering sense of recovery, a dwindling of confidence in the competency and integrity of the establishment and surprisingly strong asset returns spurred on by super low interest rates. The latter point ensured that wealth and inter-generational inequality widened and dissatisfaction with the status quo surged. Asset owners benefited, and those whose only asset was their labour did not.

The second half of 2016 was the beginning of a new chapter and the longer electorates see rebellion not resulting in the threatened economic calamity, the more emboldened they will be to depose those in power. Markets are still (just) reacting positively to the policy proposals emerging from Washington. However, nationalism, de-globalisation and soaking the rich are hardly a positive environment for savers and investors. Asset prices have benefited from the Goldilocks scenario of moderate growth, benign inflation and unprecedentedly low interest rates. If inflation and growth improve then interest rates would have to rise, thereby tightening financial conditions. Counterintuitively, history tells us strong growth can be bad for the stock market when coupled with either higher inflation or higher interest rates. Investors should be careful what they wish for.

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, Portugal, 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, Portuguese, Spanish and Swedish and are available on request or from [www.ruffer.co.uk](http://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 January 2017 Issue 67

## 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



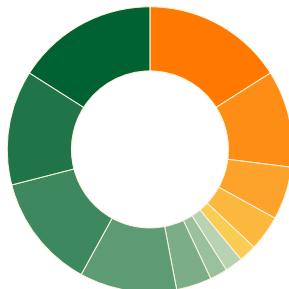
Performance %	January 2017	Year to date	1 year	3 years	5 years	10 years	
O GBP capitalisation shares	0.6	0.6	16.6	21.8	36.3	na	
Percentage growth (O GBP cap)		%	Share price as at 31 January 2017				
31 Dec 2015 – 31 Dec 2016	13.9	O CHF capitalisation	128.23				
31 Dec 2014 – 31 Dec 2015	0.3	O EUR capitalisation	131.74				
31 Dec 2013 – 31 Dec 2014	5.7	O GBP capitalisation	136.53				
31 Dec 2012 – 31 Dec 2013	9.5	O USD capitalisation	134.94				
31 Dec 2011 – 31 Dec 2012	3.3						

Source: Ruffer LLP, FTSE International (FTSE)<sup>†</sup>

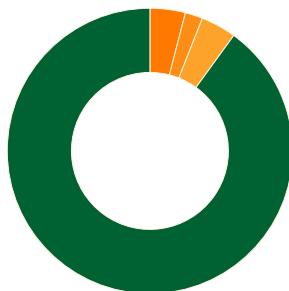
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# Ruffer Total Return International as at 31 January 2017

## Portfolio structure



Asset allocation	%		%
Japan equities	16		
UK equities	11		
North America equities	6		
Europe equities	4		
Asia ex-Japan equities	2		



Currency allocation	%
Sterling	90
Gold	4
Yen	2
Other	4

## 5 largest of 10 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.4
US TIPS 1.25% 2020	5.9
UK Treasury index-linked 1.875% 2022	5.7
UK Treasury index-linked 0.375% 2062	5.5
UK Treasury index-linked 0.125% 2019	5.2

Source: Ruffer LLP

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.

\* Excludes holdings in pooled funds

## 5 largest of 59 equity holdings\*

Stock	% of fund
Dai-ichi Life Insurance	2.9
Lloyds Banking	2.5
Sony	2.2
ORIX	2.1
Mitsubishi UFJ Financial	1.7

Fund size £1,968.0m

## 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

## 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. 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 2017, assets managed by the Ruffer Group exceeded £20.8bn, of which over £11.6bn was managed in open-ended Ruffer funds.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

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 2017

The base currency of the fund is GBP. Share classes denominated in other currencies are hedged to reduce the impact on your investment of movements in the exchange rate between the base currency of the fund (GBP) and the currency of the share class.

† © FTSE 2017. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.