

Ruffer Total Return International

Positive returns with low volatility

During February the fund price declined by 0.2%. This compares with a rise of 3.1% in the FTSE All-Share Index and an increase of 3.1% in the FTSE All-Stocks Index (both figures total returns in sterling).

February concluded with President Trump's first address to Congress after a month during which his tweet-led policies appeared to follow some of the more toxic rhetoric from the campaign trail. This speech returned to the more conciliatory tone from his November acceptance speech. Having struck a protectionist tone through much of his first five weeks in office Mr Trump reverted to more market friendly infrastructure spending (to the tune of \$1 trillion) and tax cuts to both middle income families and corporations. Whilst short on detail the address was far removed from his combative inauguration address. The lack of detail from Mr Trump's policies led to a month in which risk assets largely struggled for direction, albeit still moving in a positive trajectory.

In Europe investors have begun to focus on the deluge of elections taking place in 2017. The imminent Dutch election has the populist Geert Wilders leading the polls. Despite his rising popularity he is unlikely to pose any existential threat to the eurozone, or indeed markets, as it appears likely that he will only poll around 20% of the vote. More pressing for the incumbents is the rise of Marine Le Pen. It appears likely that either technocrat Emmanuel Macron or scandal-plagued Fillon will defeat Le Pen in the second round of polling, with neither front runner likely to have full control of parliament. However, having been bruised by following pollsters twice in the last year, investors appear unwilling to take on much risk in the run up to the election. This is best illustrated by German bund yields, which continued to fall sharply, perhaps further supported by the demand for the highest quality collateral as new margin requirements come into force across Europe. Whatever the driver, the move down in bond yields appears inconsistent with recent measures of economic growth in the eurozone, which continue to surprise on the upside. Both equity and bond markets appear oblivious to the prospect of further policy tightening in the short term, perhaps increasing the risk of a market wobble. It is for this reason that we have further pruned our equity weighting and marginally increased exposure to the yen as a protective move. The equities we own remain focused on cyclical and financial names principally to protect the portfolio against rising bond yields.

Our long term expectation remains that current policy will fail to deliver sufficient growth to offset the deflationary force of excessive debt in the global economy. Monetary policymakers responded to the financial crisis by cutting interest rates to record lows and injecting vast amounts of liquidity into the financial system via quantitative easing and other related policies. More recently the political context has engendered a shift to fiscal stimulus. In our mind this makes the inflationary denouement all the more likely.

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O class February 2017 Issue 68

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 2017	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-0.2	0.4	16.3	21.7	33.9	na

Percentage growth (O GBP cap)	%	Share price as at 28 February 2017
31 Dec 2015 – 31 Dec 2016	13.9	O CHF capitalisation 127.94
31 Dec 2014 – 31 Dec 2015	0.3	O EUR capitalisation 131.48
31 Dec 2013 – 31 Dec 2014	5.7	O GBP capitalisation 136.32
31 Dec 2012 – 31 Dec 2013	9.5	O USD capitalisation 134.74
31 Dec 2011 – 31 Dec 2012	3.3	

Source: Ruffer LLP, FTSE International (FTSE)†

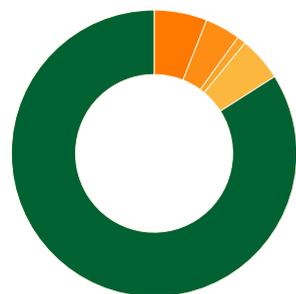
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 28 February 2017

Portfolio structure



Asset allocation	%		%
● Long-dated index-linked gilts	13	● Japan equities	16
● Non-UK index-linked	13	● UK equities	10
● Index-linked gilts	11	● North America equities	7
● Cash	15	● Europe equities	4
● Gold and gold equities	4	● Asia ex-Japan equities	2
● Options	1		
● Illiquid strategies	4		



Currency allocation	%
● Sterling	84
● Yen	6
● Gold	4
● US dollar	1
● Other	5

5 largest of 10 bond holdings

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.4	Dai-ichi Life Insurance	3.3
US TIPS 1.25% 2020	5.9	Lloyds Banking Group	2.2
UK Treasury index-linked 1.875% 2022	5.6	Sony	2.2
UK Treasury index-linked 0.375% 2062	5.5	ORIX	2.1
UK Treasury index-linked 0.125% 2019	5.1	Mitsubishi UFJ Financial	1.7

Source: Ruffer LLP

5 largest of 59 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	3.3
Lloyds Banking Group	2.2
Sony	2.2
ORIX	2.1
Mitsubishi UFJ Financial	1.7

* 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 £2,004.1m

Fund information

	%
Ongoing Charges Figure*	1.44
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 Wednesday (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

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.

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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. 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 28 February 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which over £11.7bn was managed in open-ended Ruffer funds.

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