

Ruffer Total Return International

Positive returns with low volatility



O class June 2017 Issue 72

The fund's O cap GBP shares fell 0.6% over the month. This compares with a decrease of 2.5% in the FTSE All-Share Total Return Index and a fall of 2.0% in the FTSE Govt-All Stocks Total Return Index.

The month of June saw politics very much taking centre-stage, most obviously in the UK. Prime Minister May's failed attempt to increase her authority through a snap general election, and the resurgence of Jeremy Corbyn's new/old Labour party, may threaten a changing of the guard that is technically strictly local to these shores, but it is one that we believe could well have wider ramifications for investors. Putting to one side the uncertainty this has created both domestically and regarding Brexit negotiations, what we are witnessing in the UK is a shift towards more populist policies and away from austerity that seems likely to be echoed across the western democracies, albeit at differing speeds. The end result of this, it seems to us, will be inflation, as the only palatable way to address the debt and inequalities built up over recent decades.

Meanwhile in the theatre of monetary policy, until so recently star billing above mere politics, the leading players appeared to compete with each other this month in transmitting contradictory messages. In the UK and eurozone, where almost no change in interest rates had been imagined for the foreseeable future, uncertainty was suddenly priced in, the result being a sharp uptick in bond yields and interest rate expectations. This has not been a helpful background for our long-dated index-linked gilts, but it is something we had anticipated occurring. Accordingly we have prepared the portfolio to cope with the temporary setbacks and volatility that such 'noise' over interest rates may bring. So, whilst the index-linked bonds declined during the month, our small but potent interest rate options gained in value to offset this.

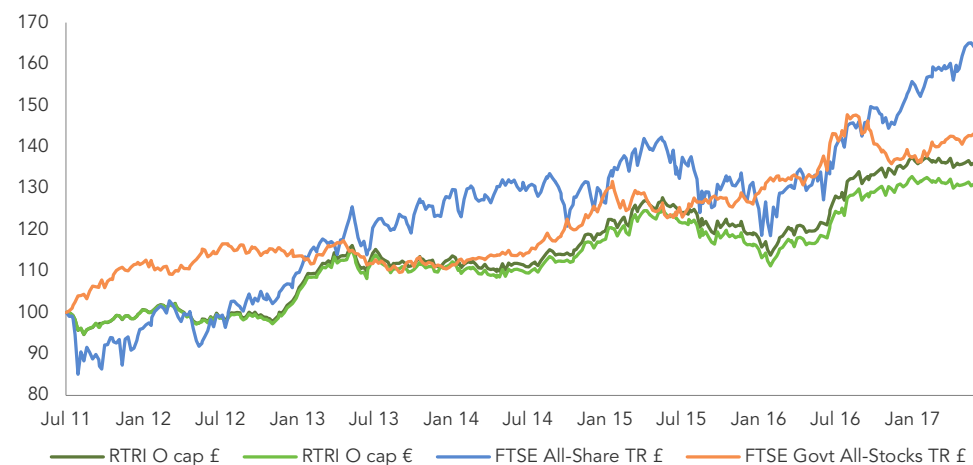
It is unlikely to have escaped notice that, after a strong performance in 2016 (when the fund made 13.9%), we have been doing a fair impression of marching on the spot so far this year. We are used to this, and whilst suitably apologetic over missing out on apparently easy gains in equities this year, do not regret our cautious stance. Following last year's brief flirtation with reflation, which saw bond yields rise and cyclical/value stocks making gains, this year investors have flocked back to the 'new normal' universe of bond-like equities (consumer staples) and growth (tech). Introducing uncertainty over interest rates, bond yields and inflation is unlikely to be supportive of either equities in general or these crowded trades in particular. Therefore we are content to remain somewhat on the side-lines for the time being, with equities restricted to around 40% of the portfolio and those equities biased towards value and cyclical stocks. It may just be anecdotal, but in a market where there are now more equity indices and ETFs (Exchange Traded Funds) than there are US stocks to populate them and with many of these ETFs oriented to low volatility or bond-like strategies, we think being rather dull for a while may not be a sin.

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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



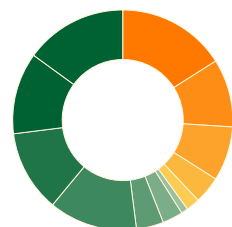
Performance %	June 2017	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-0.6	-0.7	8.1	20.9	36.4	na
Percentage growth (O GBP cap)	%		Share price as at 30 June 2017			
30 Jun 2016 – 30 Jun 2017	8.1		O CHF capitalisation		126.00	
30 Jun 2015 – 30 Jun 2016	-0.5		O EUR capitalisation		129.68	
30 Jun 2014 – 30 Jun 2015	12.4		O GBP capitalisation		134.85	
30 Jun 2013 – 30 Jun 2014	0.0		O USD capitalisation		133.66	
30 Jun 2012 – 30 Jun 2013	12.9					

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.

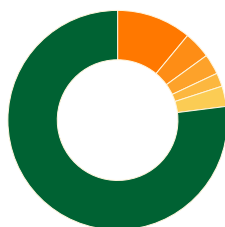
Ruffer Total Return International as at 30 June 2017

Asset allocation



Asset allocation	%
● Index-linked gilts	15
● Non-UK index-linked	12
● Long-dated index-linked gilts	12
● Cash	13
● Gold and gold equities	4
● Illiquid strategies	3
● Options	1
● Japan equities	16
● UK equities	10
● North America equities	8
● Europe equities	4
● Asia ex-Japan equities	2
Currency allocation	%
● Sterling	77
● Yen	11
● Gold	4
● US dollar	3
● Euro	2
● Other	3

Currency allocation



10 largest of 62 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	3.0
Sony	2.4
Lloyds Banking	2.1
ORIX	2.0
Sumitomo Mitsui Financial	1.7
Oracle	1.6
Mitsubishi UFJ Financial	1.6
HeidelbergCement	1.4
Mizuho Financial	1.3
Walt Disney	1.2

5 largest of 10 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.7
UK Treasury index-linked 0.125% 2068	6.6
UK Treasury index-linked 0.375% 2062	5.7
US TIPS 1.25% 2020	5.3
UK Treasury index-linked 0.125% 2019	4.8

*Excludes holdings in pooled funds
Source: Ruffer LLP

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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 £2,140.0m

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	
Depository bank	Pictet & Cie (Europe) S.A.	
Auditors	Ernst & Young S.A.	

* As at 31 Dec 2016. 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 30 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

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