

# Ruffer Total Return International

Positive returns with low volatility



C class July 2017 Issue 73

The fund price declined by 1.2% during July, which compared with a rise of 1.2% in the FTSE All-Share Index and one of 0.3% in the FTSE All Stocks Index.

In contrast to much of the year so far, July was largely quiet on the political front. Combined with a further drift lower in bond yields, this relative calm helped ensure most risk assets finished the month on a firm footing. US equity markets ended the month at all-time highs and volatility (as measured by the VIX index) was at an all-time low. These two coincident data points, and the fact that much of the gain in equities has been driven by multiple expansion, either indicates that we are about to enter a new paradigm for economic (ie earnings) growth or complacency is rife. We fall unequivocally in the latter camp and remain sceptical that economic growth will be sufficient to support these valuations or pay down debts accrued within the global economy.

It is without question that asset prices are high across the spectrum; market participants are currently looking for investments that are less over-priced than others. Whilst this relative argument is not necessarily an indicator of an imminent end to the party (that is usually signposted by the fear of missing out), it does suggest that prospective returns are likely to be low in most asset classes over any sensible timeframe and investors are readily accepting greater risk than they would previously have done in order to generate adequate returns. Current growth rates are providing sufficient confidence to allow the Federal Reserve (and potentially the European Central Bank) to discuss reducing the size of its bloated balance sheet as we move through the year. It is difficult to judge what impact this will have on the market but historical precedents are not pretty. Given today's starting point, an element of circumspection is warranted. For this reason we retain our protective positions, both conventional and more esoteric. However, with evidence suggesting that global deflation remains in place, we continue to hold exposure to banks and other companies geared into improving economic activity should the inevitable inflection point prove to be some way off.

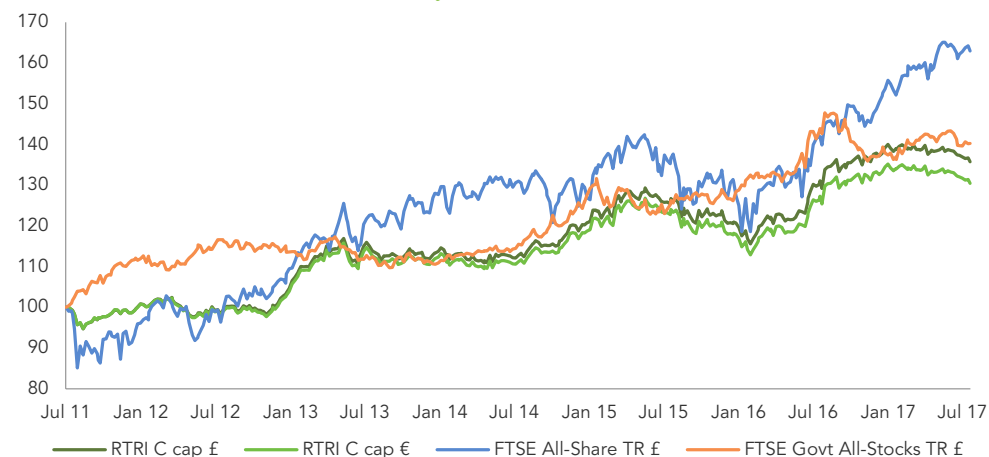
As described above, the previous certainty of central bank asset purchases will be called into question, suggesting that the pricing of both bonds and bond-like equities may not be underpinned. The sell-off in US technology stocks in June illustrated the danger of suppressed volatility and crowded trades. Closer to home, the previously much-loved tobacco sector fell sharply on pronouncements from the US Food and Drug Administration, providing a further reminder of these dangers, combined with stretched valuations, in the last few days of July. Whilst British American Tobacco offers a yield of 3.5%, this does not compensate holders if the capital value falls even marginally. This is not a forecast of an imminent collapse, merely a hint of the dangers that may come to pass.

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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 – C class shares



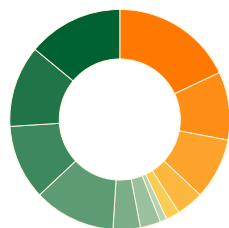
Performance %	July 2017	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	-1.2	-1.7	3.6	20.2	36.7	na
Percentage growth (C GBP cap)	%		Share price as at 31 July 2017			
30 Jun 2016 – 30 Jun 2017	8.4		C CHF capitalisation <b>126.72</b>			
30 Jun 2015 – 30 Jun 2016	-0.2		C EUR capitalisation <b>130.51</b>			
30 Jun 2014 – 30 Jun 2015	12.7		C EUR distribution <b>128.98</b>			
30 Jun 2013 – 30 Jun 2014	0.3		C GBP capitalisation <b>135.80</b>			
30 Jun 2012 – 30 Jun 2013	13.3		C GBP distribution <b>133.15</b>			
			C GBP income <b>131.94</b>			
			C USD capitalisation <b>134.69</b>			
			C USD distribution <b>133.29</b>			

Source: Ruffer LLP, FTSE International Limited (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 July 2017

## Asset allocation



Asset allocation	%
Index-linked gilts	14
Long-dated index-linked gilts	12
Non-UK index-linked	11
Cash	12
Gold and gold equities	4
Illiquid strategies	3
Options	1
Japan equities	18
UK equities	10
North America equities	9
Europe equities	4
Asia ex-Japan equities	2
Currency allocation	
Sterling	74
Yen	10
US dollar	7
Gold	4
Euro	2
Other	3

## Currency allocation



## 10 largest of 64 equity holdings\*

Stock	% of fund
Dai-ichi Life Insurance	2.8
Sony	2.5
ORIX	2.0
Lloyds Banking	1.9
Sumitomo Mitsui Financial	1.7
Mitsubishi UFJ Financial	1.6
Oracle	1.6
Walt Disney	1.5
HeidelbergCement	1.4
Mizuho Financial	1.4

## 5 largest of 9 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.5
UK Treasury index-linked 0.125% 2068	6.2
UK Treasury index-linked 0.375% 2062	5.4
US TIPS 1.25% 2020	5.1
UK Treasury index-linked 0.125% 2019	4.7

\*Excludes holdings in pooled funds  
Source: Ruffer LLP

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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.

Fund size £2,182.1m

## Fund information

Ongoing Charges Figure*	1.12	%
Maximum annual management fee (C class)	1.2	
Maximum subscription fee	5.0	
Minimum investment (or equivalent in other currency)	£10,000,000	
Record date	Third Monday of November	
Ex dividend dates	Next NAV following the record date	
Payment	Within five business days after ex dividend date	
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 C cap LU0638557743 B45L1M4 EUR C cap LU0638557669 B4MRCS8 EUR C dis LU0779208544 B8BHY14 GBP C cap LU0638557586 B4XQ109 GBP C dis LU0638558048 B4X19Y4 GBP C inc LU1220904186 BWXC1G9 USD C cap LU0638557826 B4WPBZ2 USD C dis LU0779208890 B8BHY81	

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 31 July 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.5bn was managed in open-ended Ruffer funds.

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