

Ruffer Total Return International

Positive returns with low volatility



C class May 2018 Issue 83

During May, the fund price rose by 1.3%. This compared with a rise of 2.8% in the FTSE All-Share Index and an increase of 1.8% in the FTSE Govt All-Stocks Index (all figures total returns in sterling).

The two largest drivers of returns in May were UK equities and oil-related stocks. We have previously discussed the prospect that UK equities, both domestic and international businesses, presented opportunities as global investors have given them a wide berth. The combination of improving (or not deteriorating) UK economic data and the Bank of England not opting to raise interest rates helped UK equities to be the best performing within developed markets. Positions in both BP and Royal Dutch Shell benefitted from rising oil prices, whilst Ocado (0.5% of the fund at the beginning of the month) signed a transformational deal with US grocer Kroger, which resulted in a rise of 67% in the share price.

Global equity markets have continued to recover their poise, aside from a brief wobble as the Italian president threatened to set off a constitutional crisis. The combination of benign economic conditions, improving corporate earnings and the presumption that policy makers remain on standby to support asset markets has seen global equities bounce back. Whilst February's sharp fall in equity markets appeared to come out of blue skies, and contagion did not spread to most other asset classes, developed market equities currently appear to be ignoring clouds forming on the horizon. Rising oil prices, higher bond yields, a resurgent US dollar and sclerotic politics have started to impact broader markets even if equities have shown few signs of stress. During May, we saw both Turkey and Argentina have to raise interest rates sharply to prevent a 'run' on their currency and the potential for a mini Emerging Market crisis. Further talk of trade wars between the US and China and signs of increased funding stress in US money markets point to financial markets in which all is not well, even if equity markets are telling headline writers otherwise. That is all before further mention of Italian politics: despite the two populist parties eventually managing to form a government, Italian bonds lost 6.7% in capital terms, quite stark for what had hitherto been presumed to be close to risk-free. Whilst we offer no insight into the machinations of Italian politics it causes some amusement that Paolo Savona, the staunch Eurosceptic deemed unsuitable to be Finance Minister, is the new Minister of European Affairs.

Overall, the calm markets of 2017, which saw both bond and stock prices drift gently upwards on a monthly basis, seem firmly behind us. The prospect of rising geo-political risks and central bankers showing determination to introduce more volatility into financial markets make for dangerous times ahead.

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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 %	May 2018	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	1.3	0.4	1.4	8.4	23.1	na

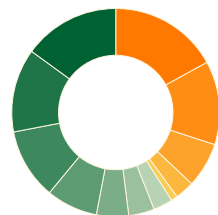
Percentage growth (C GBP cap)	%	Share price as at 31 May 2018
31 Mar 2017 – 31 Mar 2018	-1.6	C CHF capitalisation 129.14
31 Mar 2016 – 31 Mar 2017	13.5	C EUR capitalisation 133.53
31 Mar 2015 – 31 Mar 2016	-2.9	C EUR distribution 131.70
31 Mar 2014 – 31 Mar 2015	12.0	C GBP capitalisation 140.18
31 Mar 2013 – 31 Mar 2014	-0.4	C GBP distribution 137.03
		C GBP income 134.56
		C USD capitalisation 140.39
		C USD distribution 138.55

Source: Ruffer LLP, FTSE International Limited (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 31 May 2018

Asset allocation



Asset allocation

Asset allocation	%
● Non-UK index-linked	15
● Long-dated index-linked gilts	13
● Cash	11
● Index-linked gilts	8
● Gold and gold equities	5
● Illiquid strategies	4
● Short-dated bonds	3
● Japan equities	17
● UK equities	13
● North America equities	7
● Europe equities	3
● Asia ex-Japan equities	1

Currency allocation

Currency allocation	%
● Sterling	70
● US dollar	18
● Yen	5
● Gold	5
● Other	2

Currency allocation



10 largest of 56 equity holdings*

Stock	% of fund
Tesco	3.1
Dai-ichi Life Insurance	2.8
Sumitomo Mitsui Financial	2.4
Mitsubishi UFJ Financial	2.1
Walt Disney	1.8
ORIX	1.7
Royal Bank of Scotland	1.5
Japan Post Holdings	1.2
Sony	1.1
Resona Holdings	1.0

5 largest of 8 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.3
US TIPS 1.25% 2020	6.6
UK Treasury index-linked 0.375% 2062	5.8
UK Treasury index-linked 0.125% 2019	4.6
US TIPS 0.625% 2021	3.8

*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 £2,338.5m

Fund information

Ongoing Charges Figure*	1.13	%
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 last calendar 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 22 Jan 2018. 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 May 2018, assets managed by the Ruffer Group exceeded £22.4bn, of which over £14.1bn was managed in open-ended Ruffer funds.

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