

# Ruffer Total Return International

Positive returns with low volatility



C class June 2018 Issue 84

During June, the fund price fell by 0.7%. This compared with a decline of 0.2% in the FTSE All-Share Index and fall of 0.6% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

June saw the fund give back a little of the gains made earlier in this quarter as the recovery from the February sell-off in global equity markets stalled in the face of several, mainly political, headwinds. President Trump's continued sabre rattling, or worse, on trade tariffs has begun to cause genuine concern for investors. Meanwhile, within the EU, the seemingly insoluble issue of immigration is forcing open cracks between member states and threatening the cohesion of individual governments. The result is that global equity markets are struggling to make headway this year, with emerging markets feeling the worst of the pain and now some 20% below their January highs.

If June itself was somewhat lacklustre in equity markets, the same cannot be said for the second quarter as a whole. Looking through the admittedly narrow lens of the UK market, domestic equities have risen almost 10% in the last three months, recouping the losses from Q1 and turning on its head the consensus view, mirrored in global investor surveys, that the UK market was one to avoid. When investing in equities, however, there is almost always a price for everything, and UK stocks had simply become too cheap.

Recognising that for shares, price can always trump sentiment, we increased the fund's UK exposure and have reaped the benefits in the last quarter. Investments made in global businesses whose only sin was to be listed in the UK, but still attracted sizeable discounts to their overseas peers, have made double-digit returns, including BP, Shire, Royal Dutch Shell and GlaxoSmithKline. Meanwhile, even stocks more directly focused on the domestic economy, and worse still, consumer retail, can still deliver outsize gains if the price is in your favour and management capable. Step forward the fund's largest holding, Tesco, up 25% and rather more unusually, Ocado, almost doubling in the quarter.

This is where our approach of always investing in a balance of 'fear' and 'greed' in the portfolio comes into its own. We are certainly cautious, if not downright fearful over the outlook for almost all financial assets and this is reflected in a preponderance of protection assets (fear) in the portfolio such as index-linked bonds, gold and options on volatility and interest rates. These stand guard against a future that we believe will be anything but rosy. No matter how nervous we are, however, we will always retain some greed (equities) in the portfolio, both to make time our friend while awaiting the next crisis and to take advantage of any opportunities that should come our way.

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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



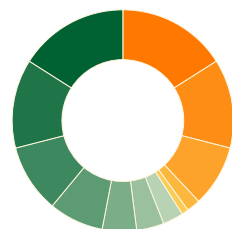
Performance %	June 2018	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	-0.7	-0.3	1.3	9.6	24.0	na
<b>Percentage growth (C GBP cap)</b>		<b>%</b>		<b>Share price as at 30 June 2018</b>		
30 Jun 2017 – 30 Jun 2018	1.3	C CHF capitalisation	<b>128.12</b>			
30 Jun 2016 – 30 Jun 2017	8.4	C EUR capitalisation	<b>132.52</b>			
30 Jun 2015 – 30 Jun 2016	-0.2	C EUR distribution	<b>130.70</b>			
30 Jun 2014 – 30 Jun 2015	12.7	C GBP capitalisation	<b>139.24</b>			
30 Jun 2013 – 30 Jun 2014	0.3	C GBP distribution	<b>136.10</b>			
		C GBP income	<b>133.65</b>			
		C USD capitalisation	<b>139.66</b>			
		C USD distribution	<b>137.83</b>			

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 30 June 2018

## Asset allocation



## Asset allocation

Asset allocation	%
• Non-UK index-linked	16
• Long-dated index-linked gilts	13
• Cash	10
• Index-linked gilts	8
• Gold and gold equities	5
• Illiquid strategies	4
• Short-dated bonds	3
• Japan equities	16
• UK equities	13
• North America equities	9
• Europe equities	2
• Asia ex-Japan equities	1

## Currency allocation

Currency allocation	%
• Sterling	72
• US dollar	16
• Yen	5
• Gold	5
• Other	2

## Currency allocation



## 10 largest of 56 equity holdings\*

Stock	% of fund
Tesco	2.8
Dai-ichi Life Insurance	2.7
Sumitomo Mitsui Financial	2.3
Mitsubishi UFJ Financial	2.1
Walt Disney	2.0
ORIX	1.6
Royal Bank of Scotland	1.5
Japan Post Holdings	1.2
Whitbread	1.1
ExxonMobil	1.0

## 5 largest of 8 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.1
US TIPS 1.25% 2020	6.7
UK Treasury index-linked 0.375% 2062	5.6
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 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 £2,346.3m

## 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 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

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