

Ruffer Total Return International

Positive returns with low volatility



C class August 2018 Issue 86

During August, the fund price declined by 1.2%. This compares with a fall of 2.8% in the FTSE All-Share Index and a rise of 0.2% in FTSE Govt All Stocks Index (all figures total returns in sterling).

The US equity market moved past January's all-time high during this month. This rise has been driven by a steadily narrowing group of stocks, which typically does not augur well for future returns. Elsewhere, it was a much soggier picture with UK, European and Japanese equity indices all falling during the month and the damage was even greater in emerging markets. Not many safe haven assets performed either. The dollar and yen only appreciated by 1-2% against a weak pound and gold was largely unchanged in dollar terms. Gold miners were harder hit with the gold mining index down 13%: a combination of emerging market and commodity weakness.

Emerging market currencies grabbed most of the headlines. Turkey has long been identified as vulnerable, due to excessive debt (much of which was taken out in foreign currencies) and an authoritarian political regime. The Turkish lira has now fallen 74% this year. Argentina is also showing how fragile paper currencies can be. As the peso plunged, interest rates moved up to 60% in August – a far cry from the western world of zero interest rate policy. It remains to be seen whether there will be any contagion effects to other emerging economies, but it is a healthy reminder of how quickly these things can unravel and how widely the effects of tighter monetary policy in the US can be felt. Much has been written about gold's lacklustre performance in recent times, but if you were holding bullion in Ankara or Buenos Aires this month you would be sitting on gains of 32% and 35% respectively. When the world around you has been tumbling down, gold has done exactly what is required.

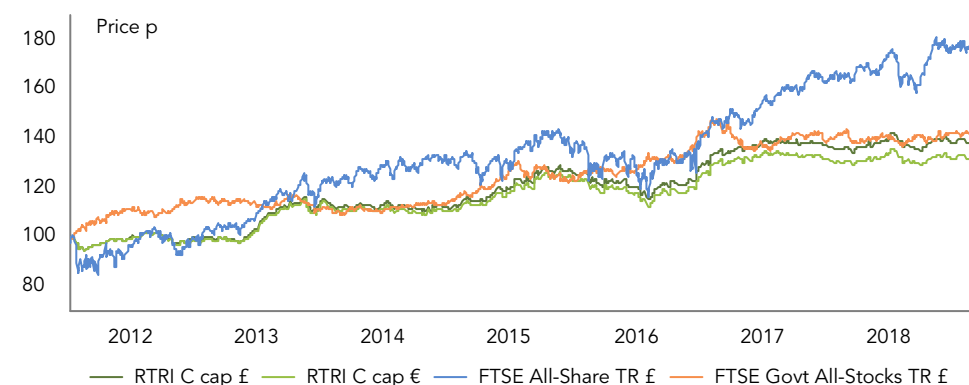
Cracks in the eurozone continue to appear as Target 2 balances (effectively the quantum of deposits moving from Club Med to Germany) surpassed the peak of 2012/2013 - relatively robust economic growth is masking a plethora of underlying problems. At some point this will have to crystallise in a banking and fiscal union or it risks a break-up. For now, however, this is tomorrow's story. In the UK, the savings rate plumbed new all-time lows at the same time as a fall in house prices. Despite this, there was a token increase in UK interest rates to 0.75%, but this does not mask the fact the Bank of England is (deliberately) behind the curve and loose monetary policy persists. Looking forward, our position remains that while global economic growth looks respectable, asset prices only look justifiable on a relative basis assuming that long-term interest rates remain settled. If bond yields start to rise (and there are plenty of reasons to believe that they may) then the sort of stress that we have seen this month in far flung places may have a greater impact closer to home.

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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 fund launch on 14 July 2011



Performance %	August 2018	Year to date	1 year	3 years	5 years
C GBP capitalisation shares	-1.2	-0.9	1.2	11.3	23.0

Percentage growth (C GBP cap)	%	Share price as at 31 August 2018	p
30 Jun 2017 – 30 Jun 2018	1.3	C CHF capitalisation	127.06
		C EUR capitalisation	131.49
30 Jun 2016 – 30 Jun 2017	8.4	C EUR distribution	129.68
		C GBP capitalisation	138.42
30 Jun 2015 – 30 Jun 2016	-0.2	C GBP distribution	135.31
		C GBP income	132.87
30 Jun 2014 – 30 Jun 2015	12.7	C USD capitalisation	139.21
		C USD distribution	137.39
30 Jun 2013 – 30 Jun 2014	0.3		

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 31 Aug 2018

Asset allocation



Asset allocation %

● Non-UK index-linked	17.7
● Long-dated index-linked gilts	12.7
● Index-linked gilts	7.5
● Gold and gold equities	6.2
● Cash	4.6
● Illiquid strategies	4.0
● Short-dated bonds	3.0
● Japan equities	16.6
● UK equities	11.7
● North America equities	10.0
● Europe equities	3.0
● Asia ex-Japan equities	2.9

Currency allocation %

● Sterling	69.7
● US dollar	12.3
● Yen	7.9
● Gold	6.3
● Other	3.5
● Euro	0.3

Currency allocation



10 largest of 52 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.9
Mitsubishi UFJ Financial	2.6
Tesco	2.4
Sumitomo Mitsui Financial	2.3
Walt Disney	2.2
iShares Physical Gold	1.9
ORIX	1.9
Royal Bank of Scotland	1.4
Whitbread	1.3
Japan Post	1.3

5 largest of 12 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.1
US TIPS 1.25% 2020	6.8
UK Treasury index-linked 0.375% 2062	5.6
UK Treasury index-linked 0.125% 2019	4.6
US TIPS 0.625% 2021	3.9

*Excludes holdings in pooled funds
Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 £2,343.5m

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	<table border="1"> <tbody> <tr> <td>CHF C cap</td> <td>LU0638557743</td> <td>B45L1M4</td> </tr> <tr> <td>EUR C cap</td> <td>LU0638557669</td> <td>B4MRC58</td> </tr> <tr> <td>EUR C dis</td> <td>LU0779208544</td> <td>B8BHY14</td> </tr> <tr> <td>GBP C cap</td> <td>LU0638557586</td> <td>B4XQ109</td> </tr> <tr> <td>GBP C dis</td> <td>LU0638558048</td> <td>B4X19Y4</td> </tr> <tr> <td>GBP C inc</td> <td>LU1220904186</td> <td>BWXC1G9</td> </tr> <tr> <td>USD C cap</td> <td>LU0638557826</td> <td>B4WPBZ2</td> </tr> <tr> <td>USD C dis</td> <td>LU0779208890</td> <td>B8BHY81</td> </tr> </tbody> </table>	CHF C cap	LU0638557743	B45L1M4	EUR C cap	LU0638557669	B4MRC58	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
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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.

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 2018, assets managed by the Ruffer Group exceeded £22.4bn.

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