

Ruffer Total Return International

Positive returns with low volatility



O class August 2017 Issue 74

The fund price increased by 0.7% over the month, which compared with a rise of 1.4% in the FTSE All-Share Index and one of 1.9% in the FTSE Government All-Stocks Index.

With politicians largely on holiday and parliaments the world over in recess, investors could have been excused from thinking that, in sharp contrast to the earlier part of 2017, political developments could be safely ignored during August. Unfortunately no-one passed that message to Kim Jong Un, the North Korean leader. Repeated testing of missiles by North Korea provoked combative statements from the Trump administration with the result that August witnessed a sharp rise in the price of safe havens. UK government bond prices surged as nominal yields fell, and the gold price rose 4% in US dollar terms. Equities were benign rather than weak, seemingly encouraged by the feeling that such geopolitical events have pushed out the timing of further US interest rate rises. Also the much-awaited central bankers' gathering at Jackson Hole late in the month failed to bring into view any imminent tightening of monetary policy from the European Central Bank or the Federal Reserve.

We continue to believe that in terms of US Federal Reserve policy there is too much focus on the path of interest rates at the expense of the issue of shrinking the US central bank's balance sheet. The latter process, by virtue of its draining of liquidity, could threaten higher volatility in asset markets. To that extent we are increasingly concerned that today's market conditions resemble those of 2006-2007: against an apparently serene and calm market backdrop, with asset prices generally grinding upwards, there is a bubbling up of risks and rising valuations which investors are presently finding easier to ignore. We, by contrast, seeing the mousetrap and not the cheese, prefer not to chase markets where low volatility will beget rising prices... until they don't.

Natural disasters have also made their mark. Alongside the tragic human cost of Hurricane Harvey, comes the bill for clearing up. Discussions concerning the US debt ceiling, aimed at avoiding a government shutdown on 30 September, continue to crank up: while part of the administration is keen to link the release of flood relief funds with the debt ceiling decisions, it is also clear that more hawkish Republicans, while not wanting to be seen blocking rescue funds, have spotted the potential Trojan horse.

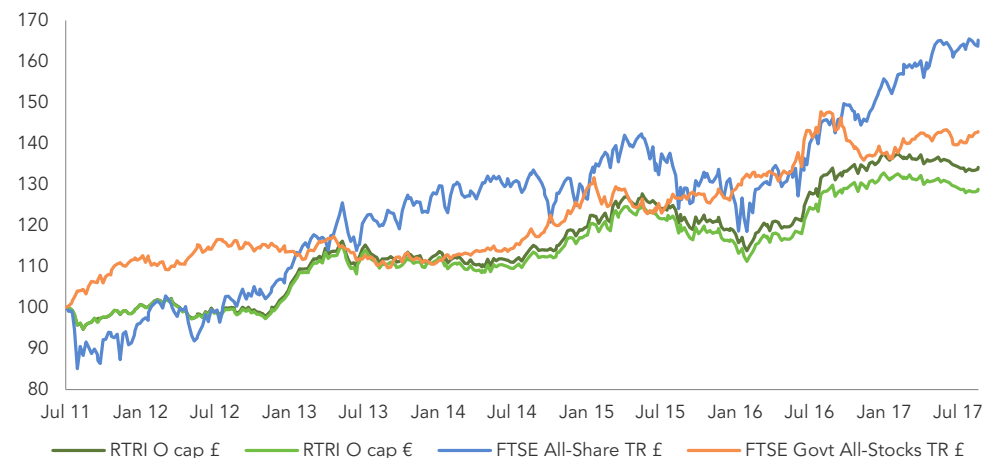
For all the sabre-rattling referenced above, the fact remains that the world's economies are presently growing at a decent clip, hence our equity selection remains tilted more towards cyclical stocks and financial names. August saw the introduction of a position in Delphi, the automotive parts supplier, which has a substantial exposure to growth areas in the automotive industry such as electronic content and electric vehicles. We are hopeful that a portfolio that has exposure to both Oracle and Delphi will give us at least some clues as to how to navigate present market conditions.

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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 %	August 2017	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	0.7	-1.2	0.8	17.1	35.3	na
Percentage growth (O GBP cap)	%		Share price as at 31 August 2017			
30 Jun 2016 – 30 Jun 2017	8.1		O CHF capitalisation		125.08	
30 Jun 2015 – 30 Jun 2016	-0.5		O EUR capitalisation		128.85	
30 Jun 2014 – 30 Jun 2015	12.4		O GBP capitalisation		134.16	
30 Jun 2013 – 30 Jun 2014	0.0		O USD capitalisation		133.22	
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 31 August 2017

Asset allocation

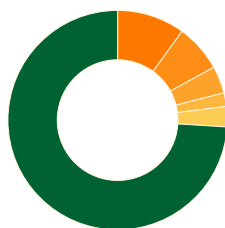


Asset allocation	%
Index-linked gilts	14
Cash	13
Long-dated index-linked gilts	13
Non-UK index-linked	11
Gold and gold equities	5
Illiquid strategies	3
Japan equities	17
UK equities	10
North America equities	8
Europe equities	4
Asia ex-Japan equities	2

Currency allocation

Currency allocation	%
Sterling	76
Yen	10
US dollar	7
Gold	5
Euro	1
Other	1

Currency allocation



10 largest of 63 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.5
Sony	2.3
ORIX	1.9
Lloyds Banking	1.8
Sumitomo Mitsui Financial	1.6
Mitsubishi UFJ Financial	1.5
Oracle	1.4
Walt Disney	1.4
HeidelbergCement	1.3
Mizuho Financial	1.3

5 largest of 9 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.7
UK Treasury index-linked 0.125% 2068	7.6
UK Treasury index-linked 0.375% 2062	5.6
US TIPS 1.25% 2020	5.0
UK Treasury index-linked 0.125% 2019	4.5

*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 £2,287.8m

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 31 August 2017, assets managed by the Ruffer Group exceeded £21.6bn, of which over £12.7bn was managed in open-ended Ruffer funds.

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