

Ruffer Total Return International

Positive returns with low volatility



O class November 2018 Issue 89

During the month, the net asset value fell by 2.1%. This compares with a fall of 1.6% in the FTSE All-Share Index. This is a disappointing return despite November's volatile markets. Global equities were significantly boosted by a relief rally in the closing days of the month, with the S&P 500 posting its best week in seven years to claw its way back into positive territory for the year to date. The fund, however, was largely bypassed by this late recovery, which focused on defensives and technology, rather than the cyclical and value stocks that feature in our portfolio. This was compounded by the sharp fall in the oil price, ending the month down 23%, its worst monthly showing in a decade. These recent shifts in equity markets do not chime with the still strong economic growth that we observe.

The proximate cause for the equity bounce was what is now being termed the 'Fed flinch'. Federal Reserve Chairman Powell backed away from his October comments that interest rates were 'a long way from neutral' and instead decided in November that they were actually now 'just below neutral'. This provided the impetus for the rally in longer duration equities (defensives and technology). Cynics could well infer that interest rates are now being set by President Trump's Twitter account. However we would focus more on the risk of inflation if the Fed is seen as shying away from necessary, though painful interest rate rises.

2018 has turned into an *annus horribilis* for investors, with almost all major asset classes showing declines. Our own portfolio has not been immune and this led to considerable introspection of our world view and portfolio strategy. Importantly, we are convinced we are in the right place. Markets do not decline in a straight line but it is our impression we have likely seen the top for this market cycle, even if economies remain robust. We expect financial conditions to tighten further in 2019 thus, we have continued to reduce equities, selling some of our long held Japanese financials.

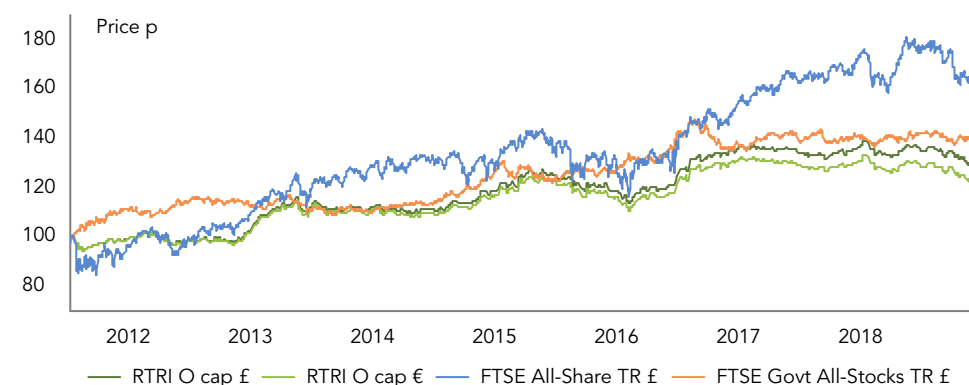
There will be noise around the trends, but protectionism and populism are here to stay. We added to portfolio protections this month, particularly long dated US TIPS. These are priced for around 2% or less inflation for the next 30 years. In a hugely indebted world with rising deficits, unfunded liabilities and electorates agitating for higher wages and government spending this seems the wrong price to us. Despite the bruises from recent performance, we remain resolutely optimistic about the prospects for our unconventional protections, particularly those against credit markets which we see as highly distorted and likely to fall in dislocative fashion. These are expensive to carry but we hope they will keep you safe.

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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 % | November 2018 | Year to date | 1 year | 3 years | 5 years |
|-----------------------------|---------------|--------------|--------|---------|---------|
| O GBP capitalisation shares | -2.1 | -5.1 | -4.1 | 7.3 | 15.2 |

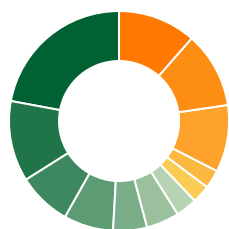
| Percentage growth (O GBP cap) | % | Share price as at 30 November 2018 | p |
|-------------------------------|------|------------------------------------|--------|
| 30 Sep 2017 – 30 Sep 2018 | 1.9 | O CHF capitalisation | 118.71 |
| 30 Sep 2016 – 30 Sep 2017 | 0.7 | O EUR capitalisation | 122.91 |
| 30 Sep 2015 – 30 Sep 2016 | 11.0 | O GBP capitalisation | 129.78 |
| 30 Sep 2014 – 30 Sep 2015 | 4.3 | O USD capitalisation | 130.97 |
| 30 Sep 2013 – 30 Sep 2014 | 2.2 | | |

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 30 Nov 2018

Asset allocation



Asset allocation %

| | |
|-----------------------------------|------|
| ● Non-UK index-linked | 22.1 |
| ● Long-dated index-linked gilts | 11.9 |
| ● Index-linked gilts | 7.9 |
| ● Gold and gold equities | 7.3 |
| ● Illiquid strategies and options | 5.0 |
| ● Cash | 4.8 |
| ● Short-dated bonds | 3.2 |

Currency allocation



Currency allocation %

| | |
|-------------|------|
| ● Sterling | 69.2 |
| ● US dollar | 12.9 |
| ● Yen | 7.7 |
| ● Gold | 7.3 |
| ● Euro | 0.4 |
| ● Other | 2.5 |

10 largest of 46 equity holdings*

| Stock | % of fund |
|---------------------------------|-----------|
| Walt Disney Company | 2.3 |
| Dai-ichi Life Insurance | 2.2 |
| Cigna Corporation | 2.1 |
| Tesco | 2.1 |
| Sumitomo Mitsui Financial Group | 1.6 |
| ORIX | 1.6 |
| Whitbread | 1.5 |
| Mitsubishi UFJ Financial | 1.5 |
| Royal Bank of Scotland | 1.3 |
| GlaxoSmithKline | 1.1 |

5 largest of 16 bond holdings

| Stock | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 0.125% 2068 | 6.4 |
| UK Treasury index-linked 0.375% 2062 | 5.5 |
| US Treasury TIPS 1.25% 2020 | 5.3 |
| UK Treasury index-linked 0.125% 2019 | 4.8 |
| US Treasury 0.125% TIPS 2021 | 3.3 |

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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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 £2,199m

Fund information

| | |
|--|--|
| Ongoing Charges Figure* | 1.45 |
| 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 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 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 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 October 2018, assets managed by the Ruffer Group exceeded £21.5bn.

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