

Ruffer Total Return International

Positive returns with low volatility

The fund's C cap GBP shares fell 0.2% over the month. This compares with a increase of 4.4% in the FTSE All-Share Total Return Index and a rise of 0.5% in the FTSE Govt-All Stocks Total Return Index.

As has been the case for much of the last year, politics continued to be the dominant feature of May. As expected, Monsieur Macron defeated Madame Le Pen in the second round of the French election, to little fanfare. Further afield we had the threat of two presidents (Temer and Trump) being impeached within the same week. Both events saw risk assets swoon, although composure was recovered as investors acknowledged that corruption is par for the course for Brazilian presidents and the Republican party showed no appetite for railing against Mr Trump and his venomous Twitter account. Global equities finished the month within touching distance of the all-time highs seen at the end of 2016. By the time this is published we will know the result of the UK election, where anything less than an expanded Conservative majority will be seen as a failure for Theresa May. As the polls have tightened in recent days sterling has given back some of its recent gains. We maintain a substantial exposure to sterling, not as we have any particular insight into the outcome of the election, but more as a reflection of the substantial short positions that exist in the pound.

Without wanting to dwell further on politics, it is worth noting that the Conservative manifesto pledges to balance the budget by 2025-2026, much later than they previously anticipated. This represents further evidence that the balance is continuing to shift from monetary to fiscal policy on a global scale. This development is unlikely to be binary, but given the ever rising populist tide it is likely that governments will continue to need to take a greater part in supporting the economy. It remains our view that this will continue until a point where inflation starts to rise, and it is an open question as to whether the bond markets will be accepting of higher rates, and what impact this may have on equity valuations. Our long-held view is that this shift in regime is unlikely to be positive for either market, but that the fund's inflation-linked bonds and gold exposure, combined with the opportune use of more esoteric protections such as derivatives, will hopefully allow us to preserve capital through what will be an extremely damaging period for asset holders and savers alike.

As ever, timing such inflection points is harder than identifying them, and it is for this reason we maintain our equity weightings at around 40%. The current regime of low interest rates and steadily recovering global economies will, absent any exogenous shocks, be positive for equity markets despite their obviously stretched valuations. In this context we have recently added a new holding in drug distribution business McKesson, which with a free cash flow yield in excess of 10% and a price-to-earnings ratio (PE) of 13x, represents one of the few remaining 'bond-like' equities without an extreme valuation. We have also increased the position in HeidelbergCement, which continues to trade at a discount to similar businesses.

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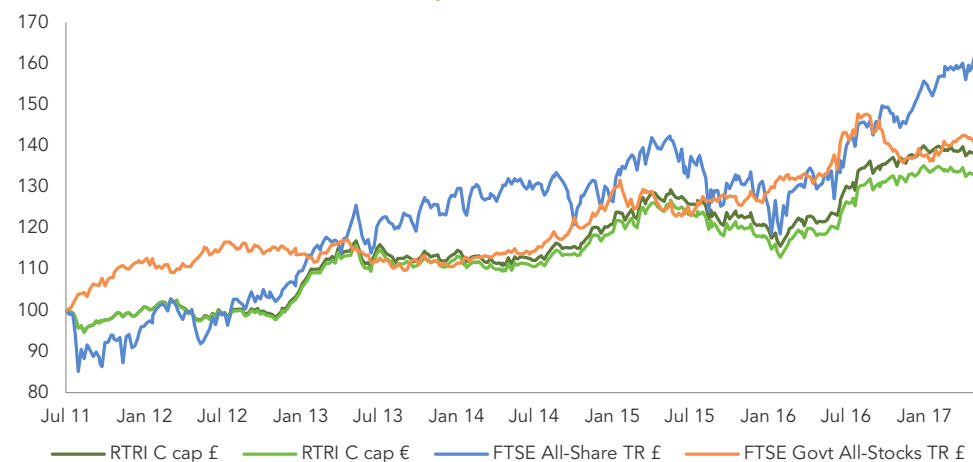


C class May 2017 Issue 71

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



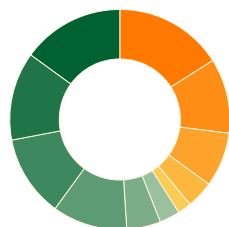
Performance %	May 2017	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	-0.2	0.1	13.2	22.5	40.1	na
Percentage growth (C GBP cap)	%		Share price as at 31 May 2017			
31 Mar 2016 – 31 Mar 2017	13.5		C CHF capitalisation	129.35		
31 Mar 2015 – 31 Mar 2016	-2.9		C EUR capitalisation	133.09		
31 Mar 2014 – 31 Mar 2015	12.0		C EUR distribution	131.52		
31 Mar 2013 – 31 Mar 2014	-0.4		C GBP capitalisation	138.31		
31 Mar 2012 – 31 Mar 2013	10.9		C GBP distribution	135.61		
			C GBP income	134.38		
			C USD capitalisation	136.93		
			C USD distribution	135.51		

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.

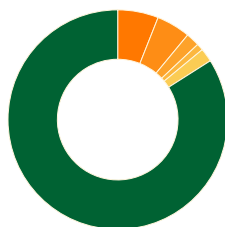
Ruffer Total Return International as at 31 May 2017

Asset allocation



Asset allocation	%
Index-linked gilts	15
Long-dated index-linked gilts	13
Non-UK index-linked	12
Cash	11
Gold and gold equities	5
Illiquid strategies	3
Japan equities	16
UK equities	11
North America equities	8
Europe equities	4
Asia ex-Japan equities	2
Currency allocation	
Sterling	84
Yen	6
Gold	5
US dollar	2
Euro	1
Other	2

Currency allocation



10 largest of 63 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.7
Lloyds Banking	2.7
Sony	2.3
ORIX	2.0
Oracle	1.5
Mitsubishi UFJ Financial	1.5
Sumitomo Mitsui Financial	1.3
Mizuho Financial	1.3
Walt Disney	1.3
HeidelbergCement	1.2

5 largest of 10 bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.6
UK Treasury index-linked 0.125% 2068	7.1
UK Treasury index-linked 0.375% 2062	6.1
US TIPS 1.25% 2020	5.4
UK Treasury index-linked 0.125% 2019	4.9

*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 **£2,113.0m**

Fund information

Ongoing Charges Figure*	1.12	%
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 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 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 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 May 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.2bn was managed in open-ended Ruffer funds.

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