Ruffer Total Return International

Positive returns with low volatility

O class May 2016 **Issue 59**

During May the Fund price declined 0.1% This compared with a rise of 0.7% in the FTSE All-Share Index and a rise of 1.7% in the FTSE All-Stocks Index (both figures total returns in sterling).

The old investment adage, 'sell in May and go away', looked apt by the end of the first week of May as sentiment started off on a negative footing. However, by the end of the month equity markets had largely regained their poise to finish broadly unchanged. May therefore appeared to be a month of marking time before the more market sensitive events of June. This month we will see the 'Brexit' referendum, the next round of central bank meetings, a Japanese Upper House election and the start of Euro 2016.

From a UK investor's perspective the most pressing of these is probably the EU referendum vote. Whilst politicians from both the 'in' and 'out' camps plead their cases, it has become increasingly clear that neither they nor the electorate are in a position to know what things would look like should the vote be for a Brexit. Should the status quo prevail then sterling could be surprisingly strong, (as we have already seen in recent weeks), hence our desire to stay close to our base currency. While sterling weakness in the short term would be an opportunity missed, with a global portfolio our principal concern is the certainty of a capital loss should sterling strengthen.

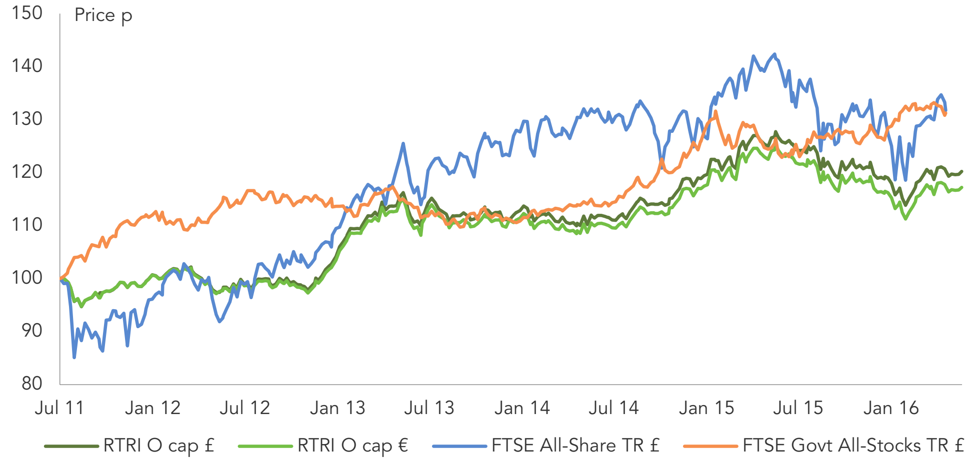
On a global basis, the key issue is the continued debate about when (or indeed if) the US Federal Reserve will raise interest rates. From the middle of May financial markets appeared suddenly to be reminded that the Fed is not done with raising rates after December's lift-off following a seven year pause. Expectations for a rise in June have fluctuated with each new data release or Fed speech, and investors wavered between hopes of a normalisation and fears of what that might mean for asset prices. In contrast to previous occasions, financial markets have largely taken these machinations in their stride. The dollar has unsurprisingly seen some renewed strength, creating a headwind to emerging markets and most commodities. However stable oil prices and orderly credit markets helped keep equity markets steady.

The end of May saw the much anticipated G7 meeting in Japan. Whilst the outcome was unsurprisingly short on detail, the gathered leaders decreed that 'the world economy faces big risks' and a more flexible approach to driving global growth may be required. Whilst this does not represent unilateral support for a large fiscal stimulus, it appears to be a step in that direction. Post the meeting the Japanese prime minister announced the deferral of the increase in Japan's consumption tax, despite comments to the contrary from his finance minister at the G7. This move was not immediately accompanied by any further stimulus package but this may follow. The yen strengthened on this disappointing outcome. Despite being nervous about leaving our base currency, we had increased our yen exposure earlier in the month; a defensive move that has helped. We still think that we may see more dramatic policy shifts in Japan as the election campaign gets under way on 22 June shortly after the next Bank of Japan meeting. Both events could deliver positive surprises.

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 %	May 2016	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-0.1	0.9	-5.9	6.3	na	na

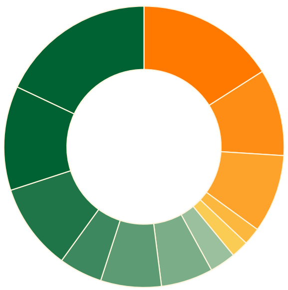
Percentage growth (O GBP cap)	%
31 Mar 2015 – 31 Mar 2016	-3.3
31 Mar 2014 – 31 Mar 2015	11.6
31 Mar 2013 – 31 Mar 2014	-0.7
31 Mar 2012 – 31 Mar 2013	10.6
31 Mar 2011 – 31 Mar 2012	na

Source: Ruffer LLP

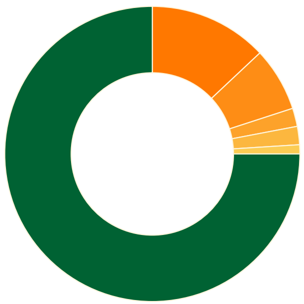
Share price as at 31 May 2016	
O CHF capitalisation	**114.53**
O EUR capitalisation	**117.23**
O GBP capitalisation	**120.26**
O USD capitalisation	**118.72**

Ruffer Total Return International as at 31 May 2016

Portfolio structure



Asset allocation	%
Non-UK index-linked	18
Long-dated index-linked gilts	12
Index-linked gilts	10
Short-dated bonds	5
Gold and gold equities	7
Cash	6
Illiquid strategies	3
Japan equities	16
UK equities	10
North America equities	9
Europe equities	2
Asia ex-Japan equities	2



Currency allocation	%
Sterling	75
Yen	13
Gold	7
US dollar	2
Euro	2
Other	1

5 largest of 13 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.4
UK Treasury index-linked 1.875% 2022	5.0
US TIPS 1.25% 2020	4.8
UK Treasury index-linked 0.375% 2062	4.6
UK Treasury index-linked 0.125% 2019	4.5

Source: Ruffer LLP

5 largest of 61 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	1.9
Mitsui Fudosan	1.8
ORIX	1.8
Sony	1.7
BP	1.6

* Excludes holdings in pooled funds

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 £1,444.9m

Fund information

	%
Ongoing Charges Figure	1.51
Maximum annual management fee (O class)	1.5
Maximum subscription fee	5.0
Minimum investment (or equivalent in CHF, EUR, SEK or USD)	£1,000
O share classes	Capitalisation only (equivalent to accumulation)
Dealing	Weekly, every Thursday (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
Custodian	Pictet & Cie (Europe) S.A.
Auditors	Ernst & Young S.A.

Enquiries

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk
www.ruffer.co.uk

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. He 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 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.5bn was managed in open-ended Ruffer funds.

Notice for Investors in Switzerland: Ruffer SICAV has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). Any offering materials relating to Ruffer SICAV may be made available in Switzerland solely to Qualified Investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended. Ruffer SICAV's prospectus, KIIDs, articles of association and the annual and semi-annual reports are available free of charge at the office of the Swiss representative: FundPartner Solutions (Suisse) S.A., Route des Acacias 60 CH – 1211 Geneva 73. Ruffer SICAV's paying agent in Switzerland is Banque Pictet & Cie S.A. of the same address.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority.