

Ruffer Total Return International

Positive returns with low volatility



O class March 2017 Issue 69

During March the fund's O cap GBP shares fell by 0.2%. This compares with an increase of 1.2% in the FTSE All-Share Total Return Index and a rise of 0.3% in the FTSE Govt-All Stocks Total Return Index.

Over the course of the month some of the momentum has waned from the global reflation trade. The moment has arrived when the seemingly unstoppable force (Donald Trump) collided with the vast bureaucracy and vested interests of Washington DC. Some will argue he picked the argument he was never going to win first so he could move quickly on, but nonetheless this represents the first challenge of his infant presidency. The lack of tangible and immediate progress has been frustrating for the bulls. It is surprising to us that the market has been surprised – given the disharmony across the aisle it was never going to be easy and the implicit assumption of a roaring S&P 500 was that these policies would be implemented without delay or compromise.

Where this becomes relevant for investors is markets have evolved to fixating on the words and actions of politicians rather than those of central bankers. This is exactly the shift we would expect in a world which is embracing fiscal rather than monetary solutions to the chronic problem of too much debt and too little growth. So if central banks are, for the moment, off-stage right and the spotlight is on Trump, the French election and the Brexit negotiations, what happens if they fluff their lines?

To complicate matters further, relations between the Federal Reserve governors and the US administration are frosty at best after some of the ornery things said on the campaign trail about removing central bank independence. Having, for quite some time, been deliberately behind the curve in terms of action relative to improving economic data, the Fed is now at pains to emphasise it will deliver 3-4 rate hikes in 2017 and that the normalisation process is well under way. Thus we worry about an air pocket in which Trump's reform and fiscal easing remains stymied whilst markets have to start reacting to the first Fed hiking cycle since 2004. For this reason we have increased our interest rate protection.

A rate hiking cycle, to the extent one truly emerges, will be a pivotal development. Many stock and bond investors have grown accustomed to justifying paltry yields by comparing them to cash returns. What intellectual gymnastics will be required to explain why stocks go up when rates are both rising and falling? Even though, looking further out, we contend the global debt mountain prevails to put a ceiling on where interest rates can go.

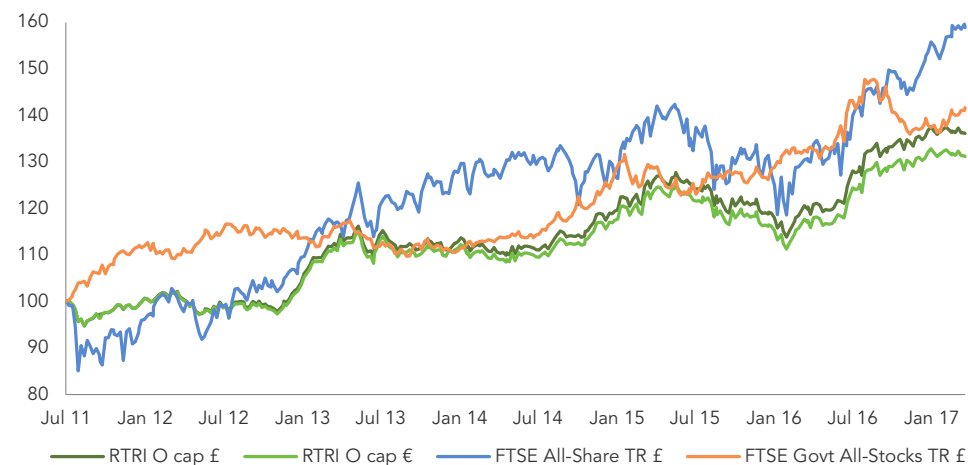
Over the month we have been drawing in our horns by slightly trimming Japanese equities (Fujitsu) and taking some profits in cyclical equities (Lennar). Our caution is reflected in the continuing low equity weighting which remains below 40%.

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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 %	March 2017	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	-0.2	0.2	13.1	22.2	34.1	na

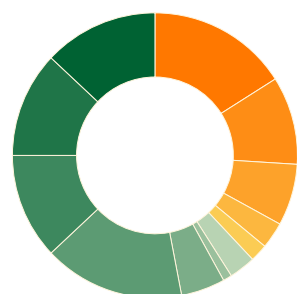
Percentage growth (O GBP cap)	%	Share price as at 31 March 2017
31 Mar 2016 – 31 Mar 2017	13.1	O CHF capitalisation 127.57
31 Mar 2015 – 31 Mar 2016	-3.3	O EUR capitalisation 131.16
31 Mar 2014 – 31 Mar 2015	11.6	O GBP capitalisation 136.10
31 Mar 2013 – 31 Mar 2014	-0.7	O USD capitalisation 134.64
31 Mar 2012 – 31 Mar 2013	10.6	

Source: Ruffer LLP, FTSE International (FTSE)†

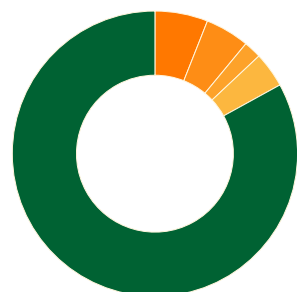
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

Ruffer Total Return International as at 31 March 2017

Portfolio structure



Asset allocation	%		%
● Long-dated index-linked gilts	13	● Japan equities	16
● Non-UK index-linked	12	● UK equities	10
● Index-linked gilts	12	● North America equities	7
● Cash	16	● Europe equities	3
● Gold and gold equities	5	● Asia ex-Japan equities	2
● Illiquid strategies	3		
● Options	1		



Currency allocation	%
● Sterling	83
● Yen	6
● Gold	5
● US dollar	2
● Other	4

5 largest of 10 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	7.2
UK Treasury index-linked 1.875% 2022	6.5
UK Treasury index-linked 0.375% 2062	5.7
US TIPS 1.25% 2020	5.7
UK Treasury index-linked 0.125% 2019	4.9

Source: Ruffer LLP

5 largest of 60 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	3.0
Sony	2.3
Lloyds Banking	2.1
ORIX	1.9
Mitsubishi UFJ Financial	1.5

* Excludes holdings in pooled funds

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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 £2,084.6m

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	
Custodian	Pictet & Cie (Europe) S.A.	
Auditors	Ernst & Young S.A.	

* Audited 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 March 2017, assets managed by the Ruffer Group exceeded £21.4bn, of which over £11.8bn was managed in open-ended Ruffer funds.

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