

# Ruffer Total Return International

Positive returns with low volatility



O class October 2016 Issue 64

During October the fund rose by 2.1%. This compares with a rise of 0.6% in the FTSE All-Share Total Return index and a decline of 3.9% in the FTSE All-Stocks Index (both figures total returns in sterling).

There have been two main dynamics in play during October, one very much a domestic phenomenon, the other more global. In the first instance the term 'hard Brexit' became part of the financial market lexicon, and UK-based assets suffered accordingly. The pound fell 6% against the US dollar, gilts fell by a similar amount, and although UK equity markets made a small gain much of this can be accounted for by overseas earnings. Further afield, global bond yields have continued their rise from extraordinary lows, prices falling, as investors have begun to acknowledge the nonsense of lending money to governments with the guarantee of a capital loss. Market participants have pointed the finger at the prospect of slightly higher inflation as the culprit. Inflation-linked gilts have thus fared better than their conventional equivalents, as the market's expectation of future inflation has started to rise.

Inflation measures the change in prices over a given year. As such inflation numbers experience a phenomenon known as base effect. If the price of a good which has fallen a great deal, in this case oil, stabilises, or indeed rises, the inflation numbers will pick up. We are now in just such a phase, and inflation is going to be mechanically higher in the immediate future in most developed economies, the UK more than most given the collapse in sterling. Central bank messaging is that this inflation is welcome; in the short term they won't react with higher interest rates, letting economies 'run hot'. The idea is that by doing so they can return inflation, and implicitly interest rates, to a more 'normal' level. All the major central banks have been encouraging steeper nominal interest rate curves, and indeed long-dated yields globally have increased. Emboldened by their success we would expect policy makers to continue on the same tack. It is for this reason that we hold a small, (c 0.5%), portion of the fund in interest rate options that would gain in value in the event that bond yields rise. These potent instruments have enabled the fund to weather the small rises in bond yields thus far, offsetting any short-term losses in index-linked bonds.

In the portfolio we have kept equities below 40% in view of the present risks, but those stocks we have selected should respond well if growth remains positive. In the last months new purchases have focussed on more economically-sensitive areas such as banks, oil services and cement producers. If economic conditions remain benign we want to ensure we have enough equity exposure to make positive headway.

Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer Total Return International (RTRI) is not registered for distribution in any country other than Belgium, Finland, France, Germany, Ireland, Italy (qualified investors only), Luxembourg, the Netherlands, Portugal, Singapore (institutional and accredited investors only), Spain, Sweden, Switzerland (qualified investors only) and the UK. The fund's prospectus is provided in English; Key Investor Information Documents are provided in Dutch, English, French, German, Italian, Portuguese, Spanish and Swedish and are available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Ruffer LLP is not able to market RTRI in other countries, except under certain exemptions. In line with the Prospectus, it is possible that at any one time Ruffer Total Return International may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be UK or US government issued transferable securities.

## 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 %	October 2016	Year to date	1 year	3 years	5 years	10 years
O GBP capitalisation shares	2.1	13.1	10.9	19.3	37.2	na

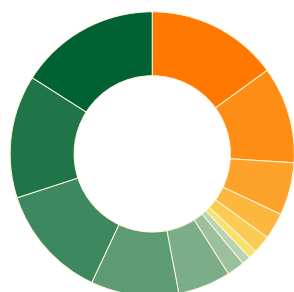
Percentage growth (O GBP cap)	%	Share price as at 31 October 2016
30 Sep 2015 – 30 Sep 2016	11.0	O CHF capitalisation 127.16
30 Sep 2014 – 30 Sep 2015	4.3	O EUR capitalisation 130.52
30 Sep 2013 – 30 Sep 2014	2.2	O GBP capitalisation 134.86
30 Sep 2012 – 30 Sep 2013	12.2	O USD capitalisation 133.03
30 Sep 2011 – 30 Sep 2012	3.3	

Source: Ruffer LLP, FTSE International (FTSE)†

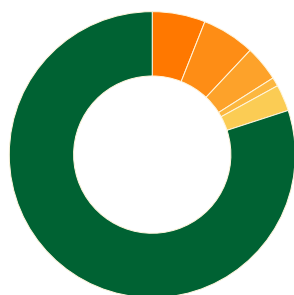
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# Ruffer Total Return International as at 31 October 2016

## Portfolio structure



Asset allocation	%		%
● Cash	16	● Japan equities	15
● Long-dated index-linked gilts	14	● UK equities	11
● Non-UK index-linked	13	● North America equities	6
● Index-linked gilts	10	● Europe equities	3
● Gold and gold equities	6	● Asia ex-Japan equities	2
● Illiquid strategies	2	● Other	1
● Options	1		



Currency allocation	%
● Sterling	80
● Yen	6
● Gold	6
● US dollar	4
● Euro	1
● Other	3

## 5 largest of 11 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	8.2
UK Treasury index-linked 0.375% 2062	5.7
UK Treasury index-linked 0.125% 2019	5.5
UK Treasury index-linked 1.875% 2022	4.9
US TIPS 1.25% 2020	4.5

Source: Ruffer LLP

## 5 largest of 58 equity holdings\*

Stock	% of fund
ORIX	2.1
Sony	2.0
Dai-ichi Life Insurance	1.9
Lloyds Banking	1.5
Deutsche Post	1.5

\* 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 **£1,854.6m**

## Fund information

Ongoing Charges Figure*	1.45-1.46
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 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.

\* Specific share classes available on request

## 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 2016, assets managed by the Ruffer Group exceeded £20.4bn, of which over £11.4bn was managed in open-ended Ruffer funds.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

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. © Ruffer LLP 2016

† © FTSE 2016. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.