

Ruffer Total Return International

Positive returns with low volatility



C class November 2015 Issue 53

During November the fund price fell by 0.5%. This compared with a rise of 0.6% in the FTSE All-Share Index and a gain of 0.9% in the FTSE Government All-Stocks Index (both figures total returns in sterling).

It has been another month of marking time for markets, recovering from the gyrations of the third quarter. US employment data and pronouncements from Janet Yellen and her fellow Federal Reserve officials seem to indicate a rate hike is likely in December, whilst commentary implied that the European Central Bank would be moving in the opposite direction and Mark Carney remained steadfast in his apparent ambition of avoiding any interest rate moves on his watch. As we write this, just after the month end, so far Draghi has disappointed, albeit on heightened expectations of further rate cuts and asset purchases, but both Yellen and Carney appear to be holding to their course.

November was also notable for the awful terrorist attacks in Paris and escalating tension and confusion in the Middle East, not least after Turkey shot down a Russian military aircraft. In more normal times such events might have seen a rush to buy gold and a spike up in the oil price, but these are far from normal times. Instead the oil price fell by more than 10% in November alone and gold hit a five year low. It seems, for now at least, that faith in central banks and monetary policy trumps events in the real world, but this is neither the usual, nor a permanent, state of affairs.

We are fascinated by the dichotomy between those stocks that are perceived as 'safe', and command often eye-watering valuations, and those that are patently unsafe, but whose valuations in no way reflect the current reality of near zero interest rates. We are increasingly fearful of the apparent safety of the former, mindful that, for stock prices at least, valuations in the end almost always triumph over quality, and that safe companies can be transformed into dangerous investments merely by the trick of higher share prices. That is not to say that we have not benefited from this fashion for safety; our holdings in Johnson & Johnson, BT, Novartis, and more latterly General Dynamics and Lockheed Martin, all provided welcome profits. However we may now be approaching the end of this particular road and accordingly have cleared the portfolio of all but the most heavily disguised such stocks.

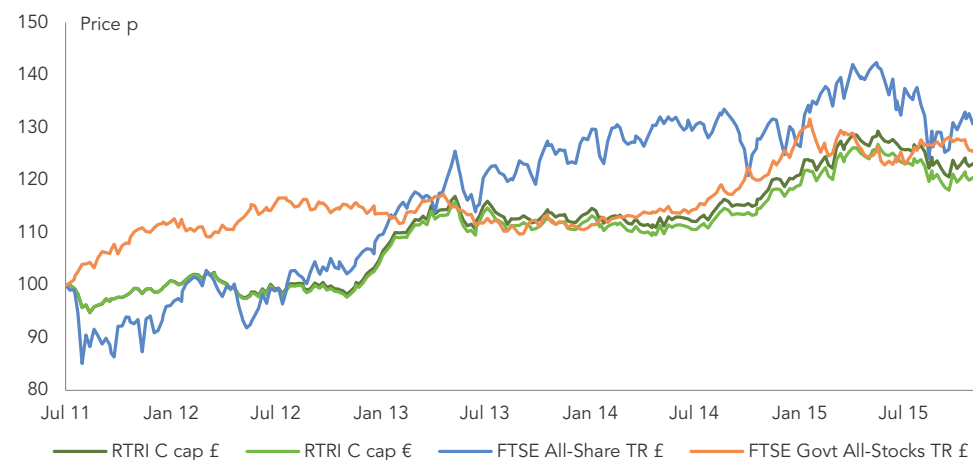
We are drawn to the attractions of industries shunned by investors for their obvious dangers. Fortunately we are far too faint hearted to have acted on this fascination, beyond dipping a toe in Exxon, but we have a growing sense that the prevailing investment wind may soon change. When entire industries are priced for the end of their world it can come as a pleasant surprise to find that Armageddon is merely a temporary phenomenon. It may be too early for the move from safety into such clear and visible danger, and so far we have only the nerve for the first part of this trade, but our sense is that 2016 will be a year when it proves better to be embarrassingly early than even a fraction too late.

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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 – C class shares



Performance %	November 2015	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	-0.5	2.1	2.2	22.0	na	na

Percentage growth (C GBP cap)	%	Share price as at 30 November 2015
30 Sep 2014 – 30 Sep 2015	4.6	C CHF capitalisation 117.69
		C EUR capitalisation 120.03
30 Sep 2013 – 30 Sep 2014	2.6	C EUR distribution 118.69
30 Sep 2012 – 30 Sep 2013	12.5	C GBP capitalisation 122.73
		C GBP distribution 120.48
30 Sep 2011 – 30 Sep 2012	3.6	C GBP income 120.24
30 Sep 2010 – 30 Sep 2011	na	C USD capitalisation 121.09
		C USD distribution 119.93

Source: Ruffer LLP

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 November 2015

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	17
● Long-dated index-linked gilts	11	● UK equities	11
● Index-linked gilts	10	● North America equities	10
● Cash	14	● Europe equities	2
● Gold and gold equities	3	● Asia ex-Japan equities	2
		● Illiquid strategies	3



Currency allocation	%
● Sterling	75
● Yen	11
● US dollar	7
● Gold	3
● Euro	2
● Other	2

5 largest of 8 bond holdings

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.8	Dai-ichi Life Insurance	2.6
UK Treasury index-linked 1.875% 2022	5.5	Mizuho Financial	2.4
US TIPS 0.625% 2021	5.4	Mitsubishi UFJ Financial	2.3
US TIPS 1.25% 2020	4.7	Lloyds Banking	2.2
UK Treasury index-linked 0.125% 2019	4.6	Sumitomo Mitsui Financial	2.1

Source: Ruffer LLP

5 largest of 59 equity holdings*

Stock	% of fund
Dai-ichi Life Insurance	2.6
Mizuho Financial	2.4
Mitsubishi UFJ Financial	2.3
Lloyds Banking	2.2
Sumitomo Mitsui Financial	2.1

* 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 **£1,424.2m**

Fund information

	%																								
Ongoing Charges Figure*	1.16-1.23																								
Maximum annual management fee (C class)	1.2																								
Maximum subscription fee	5.0																								
Minimum investment (or equivalent in CHF, EUR, SEK or USD)	£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 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	<table border="1"> <tbody> <tr> <td>CHF C cap</td> <td>LU0638557743</td> <td>B45L1M4</td> </tr> <tr> <td>EUR C cap</td> <td>LU0638557669</td> <td>B4MRCS8</td> </tr> <tr> <td>EUR C dis</td> <td>LU0779208544</td> <td>B8BHY14</td> </tr> <tr> <td>GBP C cap</td> <td>LU0638557586</td> <td>B4XQ109</td> </tr> <tr> <td>GBP C dis</td> <td>LU0638558048</td> <td>B4X19Y4</td> </tr> <tr> <td>GBP C inc</td> <td>LU1220904186</td> <td>BWXC1G9</td> </tr> <tr> <td>USD C cap</td> <td>LU0638557826</td> <td>B4WPBZ2</td> </tr> <tr> <td>USD C dis</td> <td>LU0779208890</td> <td>B8BHY81</td> </tr> </tbody> </table>	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
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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

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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

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