

Ruffer Total Return International

Positive returns with low volatility



C class June 2016 Issue 60

During June the fund price rose by 3.8%. This compares with a rise of 2.8% in the FTSE All-Share Total Return index and a rise of 5.6% in the FTSE All-Stocks Index (both figures total returns in sterling).

The combination of the frequency of these monthly reviews and our long term investment horizon often means that there is little material change to report. In terms of market events the month of June was no such case; there was only one subject under discussion. Our intention was to go into the UK referendum vote as neutrally positioned as possible – we could not have an insight into the outcome of the referendum and with our principal objective being one of capital preservation we prefer not to make binary bets. Positive contributions from index-linked bonds, gold and a small amount in foreign currencies outweighed the losses in our (relatively low) equity positions. The US and European equities produced small positive returns in local currency terms. The objective of having a neutral stance was therefore achieved even without the fair wind of a weak base currency (we were largely hedged back into sterling believing that it would strengthen sharply in the event of a Remain vote). Had the vote gone the other way then it is probable that we would have broken even. In this context producing a healthy positive return over the month is a pleasing outcome.

Perhaps the more interesting question is how we react to recent events. We selectively added to some UK equity positions immediately after the vote, focussing on companies, which, in our view, had unjustifiably sold-off when their businesses are not materially affected by a possible Brexit. However, most of the Company's core positions remain intact for two reasons. Firstly, the political fallout from the result is far from clear. Secondly, the global economic risks, which were in evidence prior to the Brexit debate, remain in place. The world is awash with debt that could not be serviced at 'normal' interest rates, global economic growth is too low to have any hope of deleveraging, inflation looks like the most likely 'solution' but this will punish savers and finally confidence in highly valued assets could plummet quickly when there is a shock to markets. Brexit is significant, but these matters are arguably of greater importance in a globally invested portfolio.

Paradoxically, these big, visible uncertainties take us a step closer to the denouement we anticipate. The reaction function of central banks and governments to keep the show on the road remains intact with one subtle difference; central banks have openly stated that monetary policy is running out of road and requires the support of government induced fiscal stimulus. This is already in evidence with Osborne's kite-flying of a corporation tax cut, various housing-related policies, a lightening of the regulatory capital requirements placed on banks and the public debate on helicopter money overcoming its taboo status and hitting the mainstream. In the short term this may help steady the ship, but it sets a hare running that will be difficult to control.

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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



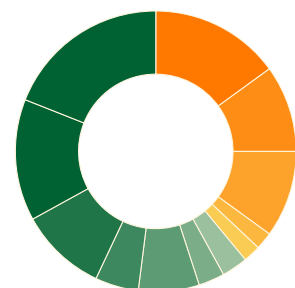
Performance %	June 2016	Year to date	1 year	3 years	5 years	10 years
C GBP capitalisation shares	3.8	4.8	-0.2	12.9	na	na
Percentage growth (C GBP cap)		%		Share price as at 30 June 2016		
30 Jun 2015 – 30 Jun 2016		-0.2	C CHF capitalisation			120.27
30 Jun 2014 – 30 Jun 2015		12.7	C EUR capitalisation			123.22
30 Jun 2013 – 30 Jun 2014		0.3	C EUR distribution			121.84
30 Jun 2012 – 30 Jun 2013		13.3	C GBP capitalisation			126.80
30 Jun 2011 – 30 Jun 2012		na	C GBP distribution			124.47
			C GBP income			124.22
			C USD capitalisation			124.90
			C USD distribution			123.71

Source: Ruffer LLP

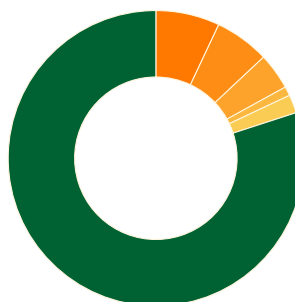
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Ruffer Total Return International as at 30 June 2016

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	19	● Japan equities	15
● Long-dated index-linked gilts	14	● UK equities	10
● Index-linked gilts	10	● North America equities	10
● Short-dated bonds	5	● Europe equities	2
● Gold and gold equities	7	● Asia ex-Japan equities	2
● Cash	3		
● Illiquid strategies	3		



Currency allocation	%
● Sterling	80
● Gold	7
● US dollar	6
● Yen	4
● Euro	1
● Other	2

5 largest of 13 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	8.5
UK Treasury index-linked 0.375% 2062	5.1
US TIPS 1.25% 2020	4.9
UK Treasury index-linked 1.875% 2022	4.8
US TIPS 0.75% 2042	4.4

Source: Ruffer LLP

5 largest of 57 equity holdings*

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

* 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 £1,561.4m

Fund information

	%																								
Ongoing Charges Figure*	1.21																								
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

Enquiries

Ruffer LLP +44 (0)20 7963 8254
 80 Victoria Street rif@ruffer.co.uk
 London
 SW1E 5JL 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

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