

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

This marks the first report for the fund, which launched on 24 December.

Christmas may have been cancelled for millions but, for markets, December continued to proffer gifts: equities, bonds and gold all rose. November's historic vaccine-induced recovery of value stocks may have waned as the second wave broke, but this weakness gave us the chance to add to favoured names in the underlying fund. So, too, did the back and forth of political pantomimes. In America, Congress played chicken over additional fiscal stimulus, agreeing a deal at the eleventh hour. In the UK, Brexit's 'Deal or No Deal?' festive special ran to the wire, but the resulting deal should be enough to remove the uncertainties that have made UK stocks anomalously cheap. The fund's equity allocation is around 40%.

What of the road ahead? Froth is clearly building in some corners of the market as evidenced by booming IPOs and the use of blank-cheque SPACs (Special Purpose Acquisition Companies). But market consensus expects that the combination of ongoing fiscal and monetary support, pent-up demand and vaccine-induced economic re-opening will drive another positive year for stocks and a rotation of 'growth' to 'value' sectors. If so, the portfolio's bias to economically sensitive equities should power returns. Yet 2020's lived experience surely underlines the need to prepare for the unexpected. It also suggests investors should focus more on what Michele Wucker described as 'gray rhinos': big risks hiding in plain sight which are ignored. Ballooning debt, inflation risk, currency compromise and political instability are clear examples. 2020 has acted as a 'great acceleration' of existing trends, fattening these 'gray rhinos' and making a world of higher volatility and deeper financial repression more likely. It will pay to be prepared. As always, we retain a balance of assets seeking to protect and grow your investment whatever the weather.

Uncorrelated protections – we strive to find protective assets that will provide a genuine offset in the event of market stress when traditional assets fall together. These are currently focused on positions that will benefit from the distress that may arise in parts of the credit markets rising bond yields and increased FX volatility.

Equities – we are focused on positions that can benefit from an economic recovery. Though we are currently at one of the lowest equity weightings in our history, we seek to hold companies with strong balance sheets that can benefit meaningfully from an improvement in the economic situation. This is predominantly made up of industrials and other cyclical exposure. Preserving capital through the worst of the crisis also helps us to take opportunities on the other side. This will also contain special situations, which will be pure expression of stock selection alpha.

Inflation protection – inflation presents a key risk to owners of capital from here given the unprecedented extent of the monetary and fiscal response. Few assets are well placed to protect in a rising inflation environment – we are well positioned with significant exposure to inflation-linked government bonds and gold.

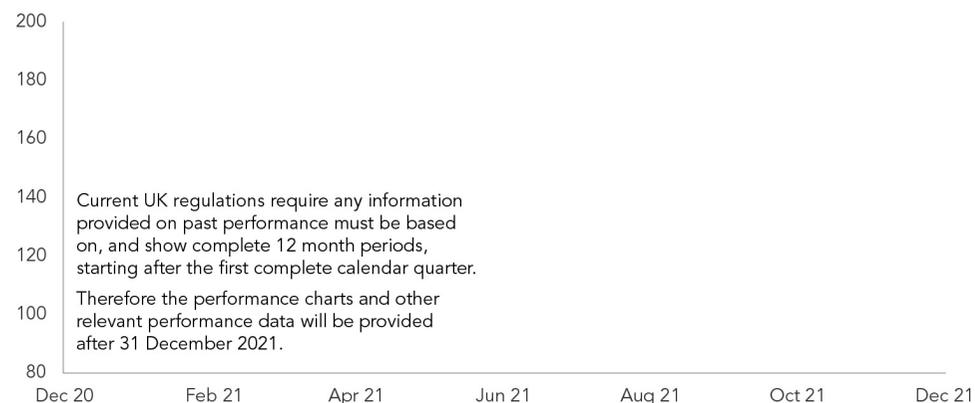
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



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 fund launch on 24 December 2020



AUD capitalisation shares	Performance %
December 2020	0.7

Source: Ruffer LLP, RTRI – Australia Fund. Past performance is not an indicator of future performance.

Ruffer Total Return International – Australia Fund as at 31 Dec 2020

Asset allocation



Asset allocation	%
● Non-UK index-linked	21.2
● Long-dated index-linked gilts	8.5
● Protection Strategies	7.8
● Index-linked gilts	6.9
● Gold and gold equities	6.9
● Short-dated bonds	3.6
● Cash	2.5
● UK equities	14.7
● North America equities	9.7
● Japan equities	9.3
● Europe equities	6.7
● Asia ex-Japan equities	2.2

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.4
iShares Physical Gold	2.2
Barclays	1.6
NatWest Group	1.4
Charles Schwab	1.3
Vinci	1.3
Ambev SA	1.2
Fujitsu	1.2
ORIX Corporation	1.2
Rohm	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	6.9
UK Treasury index-linked 0.125% 2068	5.5
UK Treasury 1.5% 2021	3.6
US Treasury 0.625% TIPS 2021	3.4
US Treasury 0.25% TIPS 2050	3.1

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL No. 235150 (Responsible Entity) is the responsible entity of Ruffer Total Return International – Australia Fund ARSN 643 278 693 (Fund) and has prepared this document based on information provided by Ruffer LLP (FRN #229135) (Ruffer or the Investment Manager). Any advice provided is general advice only and does not take into account your objectives, financial situation or needs. You should consider the PDS available from ruffer.co.uk/rtri-au and before making a decision to buy or continue to hold interests in the Fund.

The Responsible Entity has appointed Ruffer to provide investment and other services to the Fund, pursuant to an investment management agreement entered into between the Responsible Entity and Ruffer. Ruffer is currently exempt from the requirement to hold an Australian Financial Services Licence (AFSL) under the Corporations Act 2001 (Cth) (Corporations Act) in respect of the financial services it provides to Wholesale Clients in Australia. Ruffer is regulated by the Financial Conduct Authority of the United Kingdom under English law which differs from Australian law. Ruffer is not authorised to provide financial product advice to retail clients in Australia. Ruffer intends to apply for a foreign AFS licence authorising it to provide financial services to wholesale clients, and if granted, Ruffer will continue to provide services to the Fund under such licence.

The Fund invests into Ruffer SICAV and RTRI is a sub-fund of Ruffer SICAV. Past performance information shown is of Ruffer Total Return International (RTRI or Underlying Fund) and not the Fund. Past performance of the RTRI is not a reliable indicator of the future performance of the market or the Fund. The performance shown is that of the Underlying Fund and not the Fund. The Responsible Entity intends, shortly following the first 12 months of trading by the Fund, to provide performance information for the Fund.

Fund size \$1.0m

Fund information

	%
Asset class	Multi-Asset
Fund inception date	24 December 2020
Fund base currency	AUD
Fund structure	Managed Investment Scheme
Fund regulator	The Australian Securities and Investments Commission (ASIC)
Distribution	Annual, although not expected. The year end is 30 June

APIR	ISIN	ARSN
PIM1038AU	AU60PIM10382	643 278 693
Bloomberg	TBC	
Buy/sell spread	0%	

Minimum initial investment	AUD\$20,000
Management costs	1.24% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 1.07% Indirect costs of 0.17%

Dealing Day	Weekly, typically a Thursday*
Subscription and redemption cut-off	Weekly, typically 2pm Friday*

Subscription and redemption settlement dates	T+5, typically a Thursday*
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Investment Manager	Ruffer LLP
Responsible Entity	The Trust Company (RE Services) Limited

Custodian and Administrator	Mainstream Fund Services Pty Ltd
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Auditors	Ernst & Young
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*The Fund's Dealing Day, subscription and redemption cut-off will be impacted by public holidays in Luxembourg, the UK and/or Australia. A list of the impacted dates is available from ruffer.co.uk/rtri-au

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 30 November 2020, assets managed by the Ruffer Group exceeded £20.3bn.

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