

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During April, the fund price rose by 0.8%. This compared with a rise of 4.3% in the FTSE All-Share index and an increase of 0.5% in the FTSE Govt All Stocks index (all figures total returns in sterling).

After one of the worst quarters for US bonds this century, and the steepest fall in the Barclays Long Treasury Index in 40 years, it was inevitable there would be some form of pause. Having peaked on 31 March at 1.74%, the US 10 year bond yield finished the month at 1.63%. This move lower boosted the performance of the fund's positions in gold and inflation-linked bonds. Earlier this year, gold had been doubly punished by the combination of rising yields and a rallying US dollar, but two recent tactical changes in the portfolio's asset allocation have helped performance. First, we added to bullion and selected gold mining equities during March and April, having reduced gold exposure last summer in anticipation of a reflationary shift in markets ahead of the vaccine announcements in November. The fund's gold-related investments added 50bps during the month. Secondly, we took profits in some of the interest rate options that protected the fund so effectively as bond yields rose during the first quarter of 2021, thereby allowing us to capture some of the rebound in inflation-linked bonds. This combination of index-linked bonds, gold and interest rate protections, having been essentially neutral during the first quarter, contributed positively as US bond yields receded.

So, where next? Was April a pause for breath before a further move higher in yields and consequent move lower in bond prices? We think so but there will be an important shift in emphasis – we have probably seen the end of US reflation in isolation. The next leg down for conventional bonds will probably be driven by positive growth surprises from Europe, as the continent sees a sustained pick up in vaccination rates and starts to exit from lockdown. At the same time there appears to be growing political support for meaningful fiscal policy deployment in the coming months. This is a playbook we have already seen, except the baton is being passed from the US to continental Europe. It was instructive that the German 10 year bund yield rose 9bps over the month, in stark contrast to the moves seen in the US.

The fund's index-linked bonds, which we reduced slightly through sales of US TIPS during April, are shielded by interest rate options so they retain their inflation protection, but are buttressed against the powerful economic rebound we expect to see through 2021. The fund's equities remain concentrated in economically sensitive and cyclical companies. This equity bias, combined with protection against rising nominal bond yields, means the fund is positioned for reflation, but still protected from inflation. In a world where fiscal policy dominates, inflation is the risk all investors should be guarding against. But conventional portfolios, hamstrung by the fallacy of benchmarks, are pointing in the wrong direction. They back-test well in the disinflationary world of the last 40 years, but are institutionally wired to the assets that performed well in the last market regime rather than to those opportunities which exist in the new one.

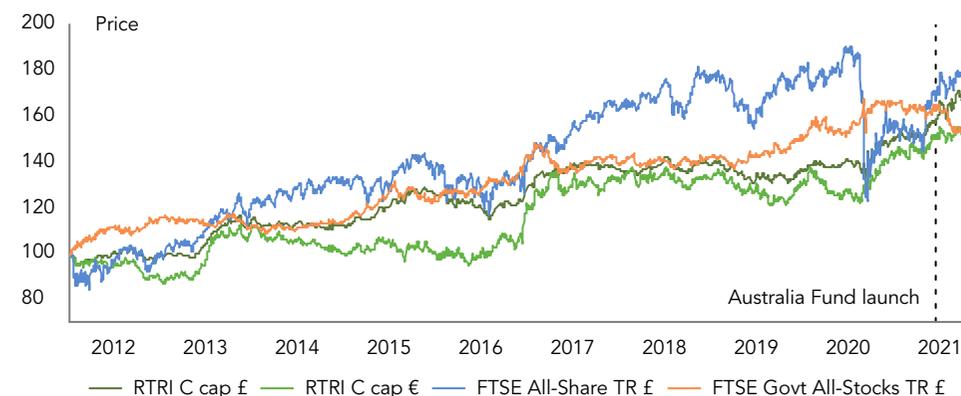
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



Investment objective

The investment objective of Ruffer Total Return International - Australia 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). Overriding this objective is a fundamental philosophy of capital preservation.

Performance since sub-fund launch on 24 December 2020



Unit price	Performance %	As at 30 April 2021	AUD
April 2021	0.8	Unit price	108.02

Source: Ruffer LLP, RTRI – Australia Fund. Past performance is not an indicator of future performance. Current UK regulations require any information provided on past performance must be based on, and show complete 12 month periods, starting after the first complete calendar quarter. Therefore the performance charts and other relevant performance data will be provided after 31 December 2021. As such, the performance chart is that of the Underlying Fund, Ruffer Total Return International, whereas the unit price laid out above is of Ruffer Total Return International – Australia Fund.

12 month performance to March %	2017	2018	2019	2020	2021
RTRI C cap £	13.5	-1.6	-1.8	3.6	22.6
RTRI C cap €	12.1	-2.6	-3.1	2.3	21.9
FTSE All-Share TR £	22.0	1.2	6.4	-18.5	26.7
FTSE Govt All-Stocks TR £	6.6	0.5	3.7	9.9	-5.5

Source: Ruffer LLP, FTSE International (FTSE)† All figures refer to simulated past performance based on the Ruffer Total Return International fund to 31 December 2020 and include reinvested income. Ruffer performance is shown in GBP after deduction of all fees and management charges, and on the basis of income being reinvested. Calendar quarter data has been used up to the latest quarter end and monthly data thereafter.

Ruffer Total Return International – Australia Fund as at 30 Apr 2021

Asset allocation – underlying fund (RTRI)



Asset allocation	%
● Index-linked gilts	9.5
● Cash	9.3
● Short-dated bonds	9.2
● Protection strategies	9.1
● Long-dated index-linked gilts	8.3
● Gold and gold equities	7.2
● Non-UK index-linked	5.6
● UK equities	16.8
● North America equities	9.5
● Japan equities	8.3
● Europe equities	5.8
● Asia ex-Japan equities	1.4

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
iShares Physical Gold	2.3
Barclays	1.9
Alexion Pharmaceuticals	1.8
BP	1.7
NatWest Group	1.5
BT	1.4
GlaxoSmithKline	1.3
Bristol-Myers Squibb	1.2
Charles Schwab	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.5
UK Treasury 0.125% 2023	6.5
UK Treasury index-linked 0.125% 2068	4.6
US Treasury 0.625% TIPS 2021	2.9
UK Treasury index-linked 0.375% 2062	2.8

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

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Fund size **AUD\$1.4m**

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*	
Investment Manager	Ruffer LLP	
Responsible Entity	The Trust Company (RE Services) Limited	
Custodian and Administrator	Mainstream Fund Services Pty Ltd	
Auditors	Ernst & Young	

*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

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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 2021, assets managed by the Ruffer Group exceeded £22.2bn.

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