

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During June the fund price declined by 1.5%. This compared with a rise of 0.2% in the FTSE All-Share Index, and a rise of 0.7% in the FTSE Govt All Stocks Index (all figures are total returns in sterling).

The June meeting of the US Federal Reserve was always going to be closely watched. With the US economy continuing to re-open, US employment levels recovering, and inflationary pressures rising, investors were on the lookout for any change from the Fed's hitherto very accommodative stance. Market action in response to the meeting confirmed investors' faith in the omnipotence and omniscience of central banks remains undimmed. The Fed's commentary fully acknowledged recent surging inflation prints, nascent wage growth and increasing bottlenecks. This prompted short-term bond yields to rise, confirming US interest rates might begin to rise slightly sooner than originally thought. The fact long bond yields actually fell after the meeting, suggests markets have totally bought the Fed view the present inflationary pressures will be merely transitory, and only the slightest tap of the brakes should be necessary to bring everything back under control.

These dynamics were undeniably unhelpful for the portfolio in the later part of June. The decline in long bond yields took the wind out of the sails of the portfolio's cyclical and financial equities. The rising US dollar, reflecting the slight change in interest rate expectations, hobbled gold, while the feeling all would be 'right on the inflation night' caused breakevens to fall.

We continue to believe growth expectations in the eurozone are underpriced, and less exuberant growth in the US can thus be compensated elsewhere. We are also sceptical of the view of inflation as transitory. Our reasons for this view have been well rehearsed on prior occasions, but recovering wage growth, eye-watering government spending the world over, fractured supply chains and the fact not all capacity will return post-pandemic are only a few. However we are not bullet-headed. We have always said the road to the inflationary end game would encompass many diversions, and have its bumpy moments when our views might look well offside. To protect against such discomforts, we have increased the portfolio's US dollar exposure on a tactical basis and trimmed the gold bullion position. If there is one indicator the reflation trade is intact it is that the US dollar should be declining. Thus as we watch the economic data in the coming months, a higher exposure to the US currency, even if only on a short-term basis, seems to us an entirely appropriate way of expressing our long-held aspiration to be approximately right rather than exactly wrong.

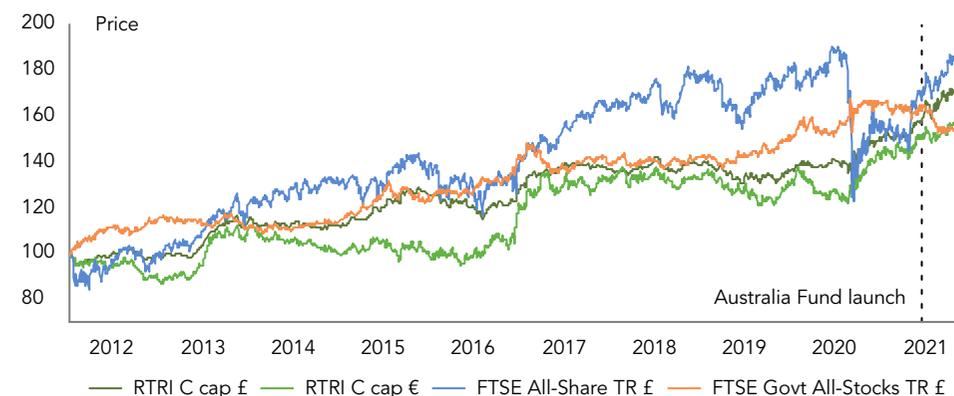
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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 June 2021	AUD
June 2021	-1.5	Unit price	1.0932

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 June %	2017	2018	2019	2020	2021
RTRI C cap £	8.4	1.3	-2.8	10.6	12.2
RTRI C cap €	7.3	0.2	-4.1	9.4	14.5
FTSE All-Share TR £	18.1	9.0	0.6	-13.0	21.5
FTSE Govt All-Stocks TR £	-0.9	1.9	4.9	11.2	-6.2

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 Jun 2021

Asset allocation – underlying fund (RTRI)



Asset allocation	%
Index-linked gilts	13.0
Long-dated index-linked gilts	12.4
Short-dated bonds	10.9
Non-UK index-linked	9.1
Gold and gold equities	6.1
Protection strategies	5.4
Cash	3.6
UK equities	15.8
North America equities	8.6
Japan equities	6.3
Europe equities	5.4
Other equities	2.2
Asia ex-Japan equities	1.2

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.3
Alexion Pharmaceuticals	1.9
NatWest Group	1.9
iShares Physical Gold	1.7
BP	1.7
Ambev SA	1.7
Royal Dutch Shell	1.7
GlaxoSmithKline	1.4
Centene	1.3
Cigna	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.7
UK Treasury 0.125% 2023	9.3
UK Treasury index-linked 0.125% 2068	5.1
US Treasury 0.625% TIPS 2023	4.8
UK Treasury index-linked 0.125% 2065	4.4

*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\$7.4m**

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 May 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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