

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

January was an extremely strong month for almost all asset classes – the best start to the year for US and European equity markets since 2019 and 2015 respectively. Bonds rallied strongly as well. Indeed, the only major asset that did not rise in January was oil.

What drove such a strong month? The answer lies in the market’s expectations of future events and how they have changed since October. Three factors matter most: firstly, a more emollient tone from the Federal Reserve in the US. As inflation and economic data has softened, and the Federal Reserve has reflected this by slowing the pace of interest rate hikes, the market has moved quickly to rule out the possibility of the US being driven into a significant recession.

Secondly, the warm winter in Europe has allowed energy prices to fall dramatically (European gas prices have now fallen 85% from their peak in August) and thus eliminate the concerns over European stagflation. And finally, the chaotic and rapid Chinese reopening has driven up market expectations of global economic growth in 2023, particularly in those spots where it was weakest such as European manufacturing and Chinese real estate.

All this contributed to a rapid reduction in fears of possible ‘bad outcomes’ for the market, and this has been reflected in a massive 50% decline in equity volatility and a 40% decline in bond volatility since October, accelerating in January and supporting a huge increase in risk-taking in the financial system. All the assets which performed worst last year have performed best so far this year, from cryptocurrencies to the 60/40 balanced portfolio.

The fund’s risk assets have participated in this rally, but the protection assets have almost entirely cancelled that out. Ultimately, we don’t think the major asset classes have repriced sufficiently to reflect a (US) risk-free rate of 4.5% or higher, meaning that we see few good risk-reward opportunities. The market is salivating at the prospect of Federal Reserve interest rate cuts beginning in the summer; it might be right, but the rally means that it will now be painful if the cuts aren’t delivered. We remain defensively positioned and think it prudent to watch proceedings from the sidelines: our focus is on balancing the portfolio to make sure it retains its ability to protect capital in the drawdown that we expect will be visible later in the year. Better to live to fight another day!

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. This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the UK Financial Conduct Authority © Ruffer LLP 2023



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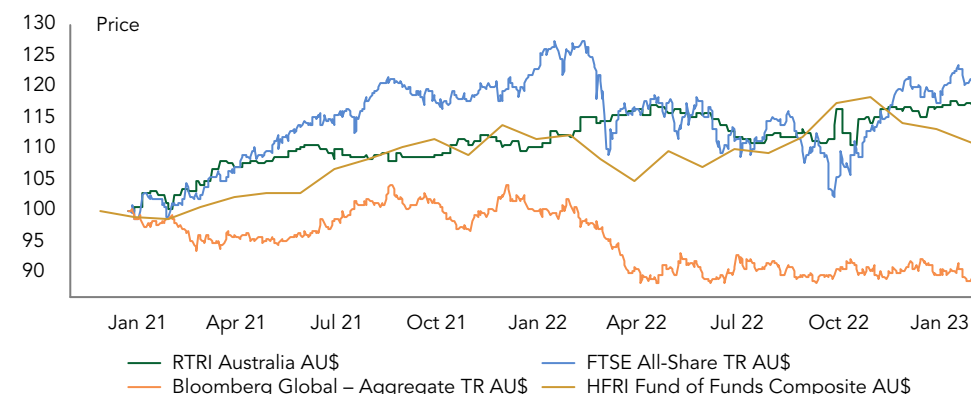
Investment objective

The investment objective of the fund is to achieve low volatility, positive returns 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. Investors should note that there can be no assurance that the investment objective will be achieved. Returns are not guaranteed.

Target Market Summary

This product is likely to be appropriate for a consumer seeking capital growth and capital preservation to be used as a core or satellite component within a portfolio where the consumer has a minimum five year investment timeframe, medium to high risk/ return profile and needs weekly access to capital.

Performance since sub-fund launch on 24 December 2020



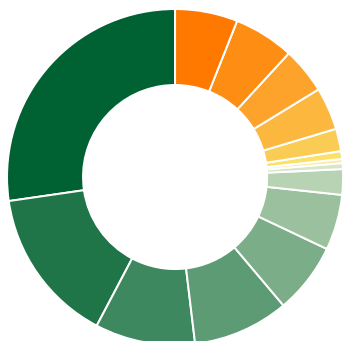
RTRI Australia capitalisation shares	Performance %	As at 31 January 2023	AUD
January 2023	0.1	Unit price	1.1712
Year to date	0.1	Source: Ruffer LLP, RTRI – Australia Fund.	
1 year	4.6	Past performance is not an Indicator of future performance.	
Since inception to Jan 23	17.1		

12 month performance to December %	2022
RTRI Australia AU\$	6.0
FTSE All-Share TR AU\$	-4.5
Bloomberg Global – Aggregate TR AU\$	-10.2
HFRI Fund of Funds Composite AU\$	1.5

Source: Ruffer LLP, FTSE International, Bloomberg, HFRI. Ruffer performance is shown in AUD 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 31 Jan 2023

Asset allocation – underlying fund (RTRI)



Asset allocation	%
Short-dated bonds	27.2
Index-linked gilts	15.1
Cash	9.6
Non-UK index-linked	9.3
Long-dated index-linked gilts	6.7
Gold exposure and gold equities	5.4
Protection strategies	2.5
Global funds	0.5
UK equities	6.1
Commodity exposure	5.8
North America equities	4.4
Europe equities	4.0
Japan equities	2.3
Asia ex-Japan equities	0.6
Other equities	0.5

10 largest equity holdings*

Stock	% of fund
BP	2.2
Ryanair	0.8
ArcelorMittal	0.6
Glencore	0.6
Synchrony Financial	0.6
ORIX	0.6
Ambev SA	0.5
Bayer	0.5
Hoya	0.5
Yara International	0.4

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	7.4
UK Treasury index-linked 0.125% 2024	6.4
US Treasury 0.625% TIPS 2023	5.9
US Treasury FRN 31 Oct 2024	5.2
US Treasury FRN 31 Jul 2024	3.9

*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\$219.4m**

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 PIM1038AU	ISIN AU60PIM10382	ARSN 643 278 693
Bloomberg	PIM1038 AU	
Buy/sell spread	0%	
Minimum initial investment	AUD\$20,000	
Management costs	1.07% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 0.9% 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	Apex 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. Impacted dates are available from ruffer.co.uk/rtri-au



Fund Managers

Jacques Hirsch

RESEARCH 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 the University of Oxford.



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 CISI. He is co-manager of two of Ruffer's flagship funds.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 December 2022, assets managed by the Ruffer Group exceeded A\$46.6bn.

Enquiries

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