

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During January, the fund price fell by 0.3%. This compared with a fall of 0.8% in the FTSE All-Share index and a fall of 1.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

In our December report we opined that the market consensus expected the combination of ongoing fiscal largesse and vaccine-induced economic re-opening would continue to drive another positive year for stocks and a rotation from 'growth' to 'value'. Catalysed by the Georgia senate elections, which seemingly gave US President Joe Biden an unencumbered path to huge further spending, the rotation continued and equity markets reached yet higher all-time highs by the middle of the month. We used this backdrop to take profits in some of our more economically sensitive names preferring more defensive businesses, such as healthcare, in the short term. Over the subsequent two weeks, the reality of 'gray rhinos' (large, known but unaddressed risks) moved back into plain sight. Whilst the vaccines continued to show the efficacy that we had all hoped for, inevitable complications have arisen in their distribution and this called into question the smooth re-opening that markets had begun to price in. Strangely, having botched much of the virus response, the UK is looking to be amongst the world leaders in vaccine distribution. This gives hope for a relatively faster domestic re-opening, even if borders take longer to follow suit.

A weakening US dollar has been one of the drivers behind the performance of equity markets in recent months. If we see a return to US exceptionalism, at least in an economic sense, then this trend might pause. This in part reinforces the increase we made to the US dollar position at the end of 2020 and why we have avoided letting our equity weighting drift higher.

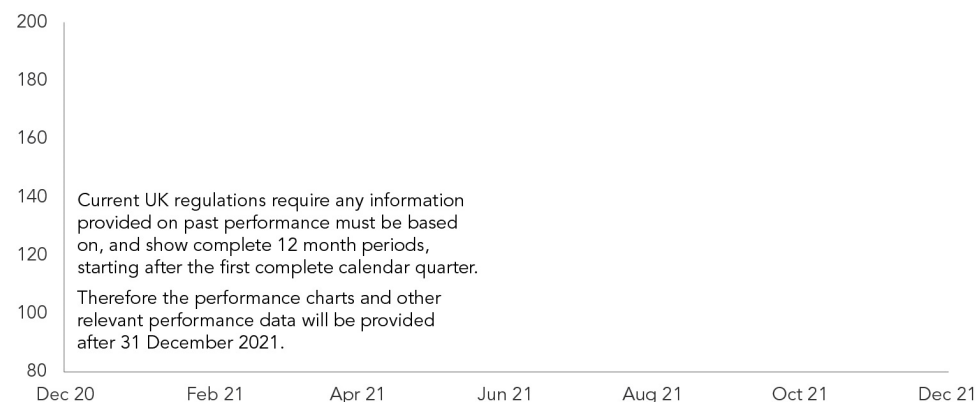
The last week of January saw some extraordinary individual share price action as retail investors ganged up to target individual equities where hedge funds held large short positions. The David and Goliath nature of the story has captured the imagination of the press but taking a step back it reveals some more interesting insights into market dynamics. The appearance of retail investors at the party is often a harbinger of over-exuberant markets and many previous bubbles have coincided with an increase in investors (or should that be speculators) trading on margin – the equivalent here has been the ease of access for retail players to options and other derivative instruments. These events also show that when there is ample liquidity available (cheques dropping through the letterbox) and no way to spend it then geysers will emerge. It is perhaps instructive as to how consumers will behave when lockdown is lifted.



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 %
January 2021	-0.3

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

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 – Australia Fund as at 31 Jan 2021

Asset allocation



Asset allocation	%
● Non-UK index-linked	18.4
● Protection Strategies	9.7
● Long-dated index-linked gilts	8.3
● Gold and gold equities	7.6
● Cash	7.3
● Index-linked gilts	7.1
● UK equities	13.5
● North America equities	11.5
● Japan equities	8.5
● Europe equities	5.8
● Asia ex-Japan equities	2.2

10 largest equity holdings*

Stock	% of fund
iShares Physical Gold	3.2
Lloyds Banking Group	2.2
Barclays	1.4
Charles Schwab	1.3
NatWest Group	1.3
Ambev SA	1.3
Centene	1.2
Vinci	1.1
Tesco	1.1
Bristol-Myers Squibb	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.1
UK Treasury index-linked 0.125% 2068	5.3
US Treasury 0.625% TIPS 2021	3.4
US Treasury 0.875% TIPS 2029	3.1
UK Treasury index-linked 0.375% 2062	2.9

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

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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 \$1,004.2m

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
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Buy/sell spread	0%
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Minimum initial investment	AUD\$20,000
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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%
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Dealing Day	Weekly, typically a Thursday*
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Subscription and redemption cut-off	Weekly, typically 2pm Friday*
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Subscription and redemption settlement dates	T+5, typically a Thursday*
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Investment Manager	Ruffer LLP
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Responsible Entity	The Trust Company (RE Services) Limited
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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 31 December 2020, assets managed by the Ruffer Group exceeded £21.0bn.

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