

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During the month, the fund was flat. Bond yields fell throughout July as investors shrugged-off yet another blowout US inflation print: June CPI came in at 5.4%, well above expectations once again. Real (inflation-adjusted) yields moved further into negative territory, boosting the fund's inflation-protected bonds and adding 1.5% to performance. Together with a pause in US dollar appreciation, deeper negative real yields gave a lift to gold. By contrast, falling yields proved a headwind for our swaption book, which is held to protect against the opposite scenario. This interest rate protection detracted from performance (-0.7%). However, it remains an important part of the investment mix, which we think will be needed later this year and we have been topping up this position.

Investors cannot seem to agree on the reasons for the bond rally. Technical factors contributed (quantitative easing buying exceeding new issuance), as did anxiety over the slowing speed of economic recovery and the spread of the Delta variant of covid-19. There is also a growing perception that monetary and fiscal policy will tighten from here. As a result, July saw investors fretting about 'peak everything'. Equity investors tilted away from so-called 'reflation' trades – assets which do better in periods of faster economic expansion. Our equities – predominantly economically-sensitive value and cyclical stocks – were held back as a result, costing the fund 1.1%. A challenge to the reflation narrative was always likely in the second half of this year. The blistering rates of growth seen in the recovery from the sharpest post-war recession were bound to slow, whilst further waves of covid-19 and uneven global vaccination progress threaten both confidence and re-opening. However, despite the angst and a mid-month sell-off, global equities ended July just shy of yet another all-time high. Perhaps 'bad news is good news' again on the basis it keeps the punchbowl of central bank liquidity at the party for longer.

We expect a further leg of the 'reflation' trade and have added to our cyclical equities. Although the US Federal Reserve is now talking about tapering, central banks remain extremely accommodative. The European Central Bank has re-committed itself to stimulus as far as the eye can see. Even the more orthodox Chinese central bank signalled an end to tightening. At the same time, corporate earnings season has seen significant positive surprises which should support a strong capex cycle. Crucially, the UK's re-opening experience suggests vaccines decisively degrade the link between infections, hospitalisations and deaths, putting economic normality within reach of vaccinated states.

But risks to markets remain elevated, notably from China. On top of fresh covid-19 outbreaks and perennial debt issues, Beijing offered foreign investors re-education in political risk this month as the ongoing regulatory crackdown moved from tech to tuition stocks before rattling Chinese stocks more broadly. Under-priced political risk is one reason we have historically avoided large allocations to Chinese equities. This will not be the last barrage in the burgeoning capital markets war, nor the last nasty surprise for financial markets, out of the Middle Kingdom.

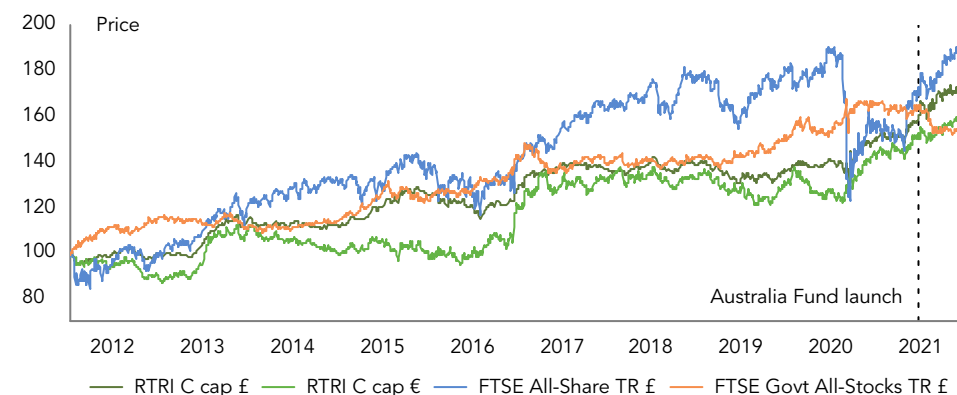
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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 31 July 2021	AUD
July 2021	0.0	Unit price	1.09

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	15.2
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 31 Jul 2021

Asset allocation – underlying fund (RTRI)



Asset allocation	%
● Long-dated index-linked gilts	13.9
● Index-linked gilts	12.9
● Short-dated bonds	10.6
● Non-UK index-linked	8.9
● Gold and gold equities	6.3
● Protection strategies	5.1
● Cash	0.7
● UK equities	19.2
● North America equities	6.7
● Europe equities	6.3
● Japan equities	6.0
● Other equities	2.3
● Asia ex-Japan equities	1.1

10 largest equity holdings*

Stock	% of fund
Royal Dutch Shell	2.5
BP	2.3
Lloyds Banking Group	2.2
NatWest Group	1.8
iShares Physical Gold	1.8
GlaxoSmithKline	1.7
Ambev SA	1.6
Equinor	1.3
Bristol-Myers Squibb	1.2
Barclays	1.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.6
UK Treasury 0.125% 2023	9.2
US Treasury 0.625% TIPS 2023	7.4
UK Treasury index-linked 0.125% 2068	5.8
UK Treasury index-linked 0.125% 2065	4.8

*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\$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 30 Jun 2021, assets managed by the Ruffer Group exceeded £23.0bn.

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