

# Ruffer Total Return International – Australia Fund

## Positive returns with low volatility

During February, the fund price rose by 2.5%. This compared with a fall of 2.5% in the FTSE All-World Index and a fall of 1.4% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Our commentary this month is dominated by the impact of events in Ukraine. This war is first and foremost a human tragedy and our thoughts are with the people of Ukraine. The investment implications are secondary to the crisis, but we recognise our duty to provide investors with an update on the impact on their investments. The fund made gains earlier in the month and was broadly flat as the invasion unfolded. Geopolitical risk is unpredictable and we do not claim to position the fund in anticipation of specific events. Instead, we always hold protective assets which help us to weather market volatility in environments of heightened geopolitical risk.

The chief drivers of performance were derivative protection, gold and energy exposure. Derivative protection took two forms – interest rate protection and equity protection. We continued to use interest rate options to reduce duration risk in our inflation-linked bond holdings and this enabled us to benefit as bond yields rose for the first two weeks of the month. We took some profits in these options and the marginally higher duration since the invasion started has been helpful as bond yields have fallen. We will continue to be flexible in managing duration risk and believe that the path of rates will still be higher, but the speed of increase is now less certain. Towards the end of the month equity put options helped performance.

The fund has no direct exposure to Russia or Ukraine. We have a 2% position in BP, as part of our allocation to energy. BP is exiting its position in the Russian oil company Rosneft. It has underperformed its peers over the last fortnight due to this exposure, but the shares moved little on the announcement as an exit had already been priced in. Elsewhere, energy stocks have performed well for us. They have been a significant equity allocation since the beginning of the market recovery from the covid crisis. Our view that global demand would remain robust and supply would be constrained is playing out and we have been reducing exposure as part of an overall reduction in equity risk. We currently have 38% in equities, as well as protection in the shape of equity put options and exposure to credit default swaps.

We added to gold exposure in late 2021 moving from 6% to 8%. There was general investor disinterest in gold after a lacklustre 2021 and we also felt that emergent dollar weakness could see gold re-emerge as a safe haven. While we were wrong about dollar weakness, gold has undoubtedly benefitted from safe-haven demand.

Looking further ahead, the US is unlikely to incur the serious energy price inflation we expect in Europe. This may see a return to US exceptionalism. This would put upward pressure on the dollar, which in turn sucks liquidity out of broader financial markets (as well as making the Fed's life more difficult). This is likely to increase stress in markets more generally, hence our desire not to be overextended in either direction.

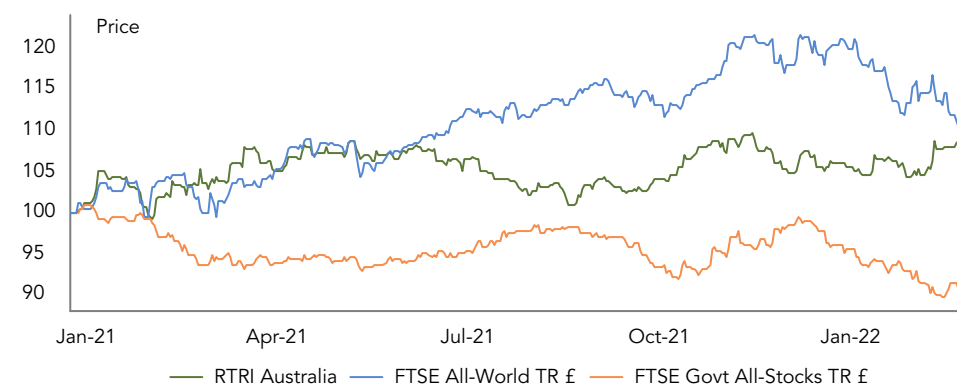
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



| RTRI Australia capitalisation shares | Performance % | As at 28 February 2022 | AUD  |
|--------------------------------------|---------------|------------------------|------|
| February 2022                        | 2.5           | Unit price             | 1.15 |
| Year to date                         | 4.0           |                        |      |
| 1 year                               | 10.0          |                        |      |

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

| 12 month performance to December % | 2021 |
|------------------------------------|------|
| RTRI Australia                     | 9.6  |
| FTSE All-World TR £                | 19.5 |
| FTSE Govt All-Stocks TR £          | -5.2 |

Source: Ruffer LLP, FTSE International. 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 28 Feb 2022

### Asset allocation – underlying fund (RTRI)



| Asset allocation                  | %    |
|-----------------------------------|------|
| ● Index-linked gilts              | 14.5 |
| ● Long-dated index-linked gilts   | 9.5  |
| ● Gold exposure and gold equities | 8.2  |
| ● Non-UK index-linked             | 7.7  |
| ● Protection strategies           | 7.4  |
| ● Short-dated bonds               | 7.2  |
| ● Cash                            | 7.1  |
| ● UK equities                     | 15.8 |
| ● Europe equities                 | 7.3  |
| ● North America equities          | 6.5  |
| ● Japan equities                  | 6.3  |
| ● Other equities                  | 2.4  |

### 10 largest equity holdings\*

| Stock                          | % of fund |
|--------------------------------|-----------|
| Shell                          | 2.4       |
| NatWest Group                  | 2.1       |
| BP                             | 2.0       |
| GlaxoSmithKline                | 1.5       |
| Ambev SA                       | 1.5       |
| Mitsubishi UFJ Financial Group | 1.4       |
| ORIX Corporation               | 1.2       |
| Vodafone Group                 | 1.1       |
| Cigna                          | 1.0       |
| AstraZeneca                    | 1.0       |

### 5 largest bond holdings

| Stock                                | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 1.875% 2022 | 8.2       |
| US Treasury 0.625% TIPS 2023         | 6.0       |
| UK Treasury 0.125% 2023              | 5.0       |
| UK Treasury index-linked 2.5% 2024   | 4.5       |
| UK Treasury index-linked 0.125% 2068 | 3.8       |

\*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\$83.6m**

### 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.<br>The year end is 30 June   |

| APIR      | ISIN         | ARSN        |
|-----------|--------------|-------------|
| PIM1038AU | AU60PIM10382 | 643 278 693 |

|           |            |
|-----------|------------|
| Bloomberg | PIM1038 AU |
|-----------|------------|

|                 |    |
|-----------------|----|
| Buy/sell spread | 0% |
|-----------------|----|

|                            |             |
|----------------------------|-------------|
| Minimum initial investment | AUD\$20,000 |
|----------------------------|-------------|

|                  |  |
|------------------|--|
| Management costs | 1.05% per annum of the net asset value of the Fund comprising:<br>Fund level fees and costs of 0.9%<br>Indirect costs of 0.15% |
|------------------|--|

|             |                               |
|-------------|-------------------------------|
| 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](http://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. 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 January 2022, assets managed by the Ruffer Group exceeded A\$46.7bn.

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