

# Ruffer Total Return International – Australia Fund

## Positive returns with low volatility

During March, the fund price rose by 1.5%. This compared with a rise of 4.2% in the FTSE All-World Index and a fall of 2.1% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Operation Stable Door began in earnest during March as the Federal Reserve raised interest rates for the first time in four years to try to contain inflation running at a near-half century high of 7.9%. Government bond yields moved abruptly to price in the most aggressive interest rate hiking cycle since 1994. Global bonds have just endured their worst quarter ever despite war, pestilence (covid disruption in China) and growing fears of a recession. So much for conventional bonds acting as a ‘safe haven’. This should not come as a surprise to regular readers of this report, as we have written about the vulnerability of conventional bonds for some time.

What was the impact on the fund? We made positive returns in each of the first three months of this year as both equities and bonds ended up in negative territory. During March long-dated inflation-linked bonds (‘linkers’) fell in value as yields rose faster than inflation expectations, but our interest rate options – which profit from rising yields – more than offset this fall in value. Active duration management via derivatives continues to be essential to the fund’s resilience in a rising yield environment. Long linkers remain a key holding for the world we are heading into and so this balance will be maintained.

While fixed income volatility hasn’t been this high since the global financial crisis, equity markets look increasingly complacent, with many recovering all losses since the start of the Ukraine war. We trimmed equity exposure to 35% reflecting greater uncertainty and profit taking in some equity derivative protections. Overall, equities were a positive contributor for the month, with energy stocks once again leading the charge.

Commodity markets continued to perform well with higher prices helping the Australian dollar, where we now have exposure of around 5%. In World war II, America was famously dubbed the ‘great arsenal of democracy’. In the era ahead, Australia looks set to be the ‘great arsenal of commodities’ for western democratic states. On top of this, Australian pension funds may soon start to close their net short position in their domestic currency, adding a further kicker to the Aussie dollar. The allocation was funded from the US dollar.

Finally, we added 2% to bullion exposure. Gold exposure and gold mining equities were the largest positive performance driver during the month. Total gold exposure now stands at close to 10%.

Near-term the path ahead remains highly uncertain – as ever, we aim to be resilient whatever happens. Longer-term, covid and the Russia-Ukraine war mark successive great accelerations towards the more inflation-prone and volatile era ahead. We believe we have the right asset mix to deal with the challenges and capture the opportunities in this new regime.

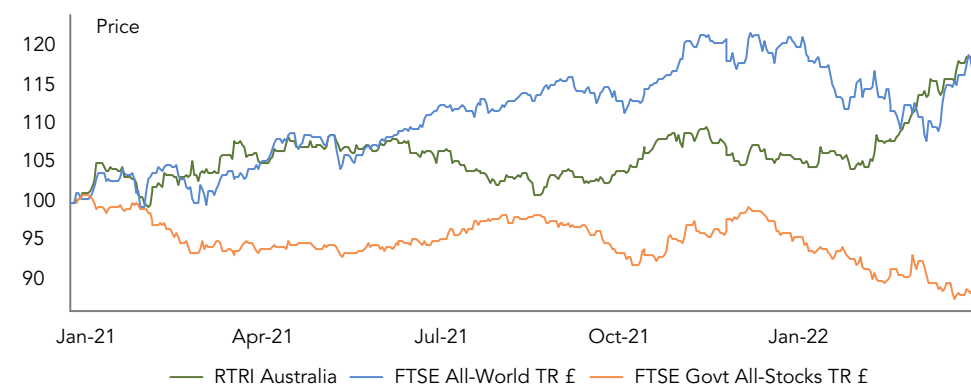
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## Investment objective

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 31 March 2022	AUD
March 2022	1.5	Unit price	1.17
Year to date	5.6		
1 year	8.7		

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

12 month performance to March %	2022
RTRI Australia	8.7
FTSE All-World TR £	12.3
FTSE Govt All-Stocks TR £	-5.1

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. © FTSE 2022. ‘FTSE®’ is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE’s express written consent.

## Ruffer Total Return International – Australia Fund as at 31 Mar 2022

### Asset allocation – underlying fund (RTRI)



Asset allocation	%
Index-linked gilts	14.3
Gold exposure and gold equities	10.4
Short-dated bonds	10.1
Long-dated index-linked gilts	9.4
Non-UK index-linked	7.7
Cash	6.7
Protection strategies	6.1
UK equities	14.4
Europe equities	6.9
North America equities	6.1
Japan equities	5.6
Other equities	2.3

### 10 largest equity holdings\*

Stock	% of fund
BP	3.2
Shell	2.2
Bayer	1.6
Ambev SA	1.6
GlaxoSmithKline	1.2
Banco Santander	1.1
Cigna	1.0
Mitsubishi UFJ Financial Group	1.0
ORIX Corporation	1.0
Vodafone Group	1.0

### 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.8
US Treasury 0.625% TIPS 2023	5.7
UK Treasury index-linked 2.5% 2024	4.9
UK Treasury index-linked 0.125% 2068	3.5
UK Treasury index-linked 0.125% 2065	2.8

\*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\$89.7m**

### 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	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: Fund level fees and costs of 0.9% 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. Impacted dates are available from [ruffer.co.uk/rtri-au](http://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. 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 28 February 2022, assets managed by the Ruffer Group exceeded A\$46.8bn.

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