

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During May, the portfolio fell by 0.4%. This compared to the FTSE All-World Index which fell by 0.2% and a fall of 3.0% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Inflation concerns were overtaken by those of growing recession risk during the month and therefore our inflation sensitive gold exposure and index-linked gilt holdings cost the portfolio 0.7% and 1.8% respectively. Payer swaptions continued to play a vital role in hedging the portfolio interest rate exposure and contributed 0.6%. A significant positive performance contribution came from energy stocks (+0.7%).

The carnage in the long-dated inflation-linked bond market should not be understated. The 2073 index-linked bond is down 54% from its November 2021 all-time high, falling 22% in May alone. We have long called these assets the ‘crown jewels’ due to our conviction that they should provide the perfect protection against the world of financial repression we are entering. This remains the case but the sensitivity to rising rates we have warned about has now been felt. This illustrates the distinction we have been labouring; investing for inflation and investing for inflation volatility are not the same thing and conflating the two will be costly. Mr Market will make us crawl through fire for the gift of redemption and derivative protection via the unconventional toolkit remains essential to navigate choppy and dangerous markets. Inflation-linked bonds are now back to pre-2016 prices - and yet in our assessment the likelihood and proximity of the inflationary denouement is much greater. We believe they offer exceptional asymmetry and we have been buying.

This month saw the UK chancellor impose a windfall tax on energy companies. Setting aside the dubious logic of windfall taxes, the reaction of the stocks was to rise. Ultimately, the setup for companies like BP and Shell is attractive because supply has been constrained due to a combination of a capital cycle and, lately, geopolitical sanctions. This energy crisis is a supply issue that requires supply side solutions. A windfall tax will do little to address the underlying problems, and will perpetuate the supply/demand mismatch which is creating their super-normal profits in the first place. However, crucially, it polls well at a time of popular unrest.

A key question for investors has been whether to buy the dip. The Nasdaq is down 29% from its November 2021 high but we are not convinced that value has emerged. We have only nibbled on equities, more in the pursuit of portfolio balance, than it is bullishness - adding to Japan, Meta and US Housebuilders. The bear market is only beginning to grizzle, the FTSE All-World TR is down only 6% this year. Given the cross-currents in markets and the economy, the short-term is foggy. We must not lose sight of the long-term inflationary dynamics that continue to build and risk eviscerating savers.

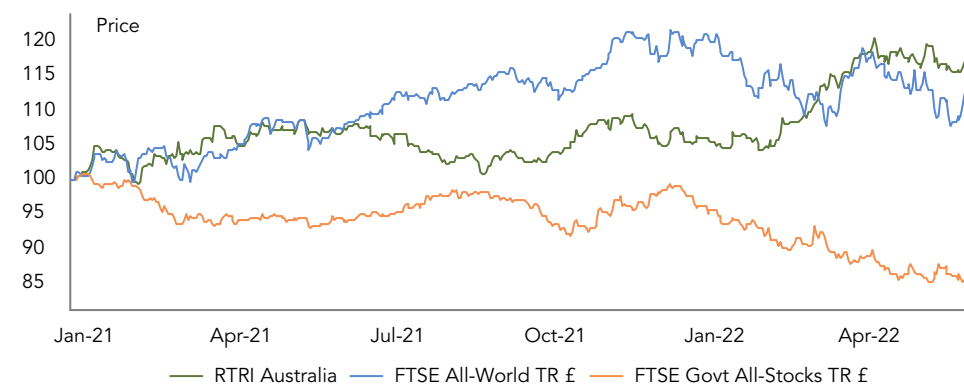
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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 31 May 2022	AUD
May 2022	-0.4	Unit price	1.16
Year to date	4.7		
1 year	4.7		

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 May 2022

Asset allocation – underlying fund (RTRI)



Asset allocation	%
● Index-linked gilts	13.7
● Short-dated bonds	10.0
● Gold exposure and gold equities	9.3
● Long-dated index-linked gilts	8.1
● Non-UK index-linked	7.6
● Protection strategies	6.8
● Cash	6.0
● UK equities	13.1
● North America equities	9.1
● Europe equities	7.2
● Japan equities	6.3
● Other equities	2.1
● Asia ex-Japan equities	0.5

10 largest equity holdings*

Stock	% of fund
BP	2.7
Shell	1.6
Ambev SA	1.3
Banco Santander	1.3
Mitsubishi UFJ Financial Group	1.3
Cigna	1.3
Vodafone Group	1.2
Bayer	1.0
ORIX	1.0
GlaxoSmithKline	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.5
US Treasury 0.625% TIPS 2023	5.8
UK Treasury index-linked 2.5% 2024	4.7
UK Treasury index-linked 0.125% 2068	2.9
UK Treasury 0.125% 2023	2.9

*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\$102.7m**

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



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 30 April 2022, assets managed by the Ruffer Group exceeded A\$46.3bn.

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