

# Ruffer Total Return International – Australia Fund

## Positive returns with low volatility

During August, the fund price rose by 0.7%. This compared to the FTSE All-World Index which fell by 0.8% and a fall of 10% in the FTSE Govt All Stocks Index (all figures total returns in AUD).

August commenced with markets continuing to bask in the summer sun, as a softer than expected inflation release fed the narrative that the US economy was passing peak inflation with no signs of weakness in the labour market. This was the ‘goldilocks’ style environment many investors were longing for, but it appears incompatible with the likely path of monetary policy. We felt this rally would ultimately be self-defeating since rising equity prices (among other measures) are catalysts for looser financial conditions – the very opposite of the tightening the Federal Reserve hopes to enforce on the economy. The party pooper on this occasion was Federal Reserve Chair Jerome Powell, speaking at the annual Jackson Hole economic symposium. In contrast to recent communications, which had given some the hope the Fed was reaching for the pause button, Powell left little doubt they remain resolute in the battle to combat the current period of high inflation. One regional Fed president even noted his satisfaction with the equity market’s negative response to Powell’s speech – oh, how times have changed!

For investors, this amounted to another difficult month in an already challenging year. Developed market equities fell, whilst bond markets suffered as yields rose sharply. Yield rises were most pronounced in Europe as expectations responded to the advancing energy price crisis and the likelihood of further interest rate rises. Despite the expected rise in inflation, which some forecasters estimate will exceed 20% in the UK, longer term inflation expectations remain anchored to historic averages, creating a headwind for the fund’s long-dated, index-linked gilts. Despite this backdrop, the fund delivered a positive return led by notable contributions from interest rate payer swaptions, which benefit from rising yields, and our other less conventional protective assets. The fund’s equity exposure fared better than wider indices in part due to our tilt towards energy, with BP rising by 10% over the month.

In a world where interest rates are rising and liquidity is being drained from the financial system (the pace of quantitative tightening in the US is doubling from September), our focus is firmly on our primary investment objective of capital preservation. Following a decade where the investment mantra was best summarised by TINA (There is No Alternative) as those seeking returns were forced to absorb ever more risk, investors are now offered a genuine alternative in the form of higher short-term interest rates on cash. We are concerned this will be the catalyst for a reduction in allocations to risk assets, with few areas of safety. Therefore we now have a low weighting to equities, both in absolute terms and relative to our 27 year history, and have bolstered our unconventional protections to defend the portfolio should financial markets fall further. This should not be viewed as a low conviction portfolio, rather one that is well placed to protect from potential turbulence ahead.

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.

### Target market summary

This product is likely to be appropriate for a consumer seeking capital growth and capital preservation to be used as a core or satellite component within a portfolio where the consumer has a minimum five year investment timeframe, medium to high risk/ return profile and needs weekly access to capital.

### Performance since sub-fund launch on 24 December 2020



RTRI Australia capitalisation shares	Performance %	As at 31 August 2022	AUD
August 2022	0.7	Unit price	1.13
Year to date	2.6		
1 year	4.1		
Since inception to 31 Aug 2022	13.2		

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

12 month performance to June %	2022
RTRI Australia AU\$	3.1
FTSE All-World TR AU\$	-7.9
FTSE Govt All-Stocks TR AU\$	-17.1

Source: Ruffer LLP, FTSE International. Ruffer performance is shown in AUD 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 Aug 2022

### Asset allocation – underlying fund (RTRI)



Asset allocation	%
● Short-dated bonds	36.3
● Index-linked gilts	20.1
● Non-UK index-linked	7.8
● Protection strategies	7.5
● Long-dated index-linked gilts	6.6
● Cash	4.7
● Gold exposure and gold equities	1.6
● UK equities	5.6
● North America equities	3.5
● Europe equities	2.8
● Japan equities	2.4
● Asia ex-Japan equities	0.4
● Other equities	0.9

### 10 largest equity holdings\*

Stock	% of fund
BP	1.9
Ambev SA	0.9
Unilever	0.6
Hoya	0.5
Hertz	0.5
Deutsche Post	0.5
ORIX	0.5
NEC	0.5
Fujitsu	0.4
ArcelorMittal	0.4

### 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	8.1
US Treasury 0.625% TIPS 2023	7.8
UK Treasury index-linked 1.875% 2022	7.1
UK Treasury 0.125% 2023	5.9
US Treasury FRN 2023	5.3

\*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\$99.6m**

### 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. The year end is 30 June	
APIR PIM1038AU	ISIN AU60PIM10382	ARSN 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 31 July 2022, assets managed by the Ruffer Group exceeded A\$45.2bn.

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