

# Ruffer Total Return International – Australia Fund

## Positive returns with low volatility

Despite ongoing stresses in the US banking system, asset markets collectively shrugged their shoulders in April. According to Deutsche Bank, despite the second largest ever banking failure in the US, it was in fact the least volatile month since the pandemic. It won't surprise that we are not so sanguine.

Banking crises always lead to credit contractions. We are seeing this play out now: National Federation of Independent Business small business credit conditions are approaching GFC levels, whilst both the Fed Beige Book and the Senior Loan Officer Opinion Survey are signalling further declines in credit availability coming down the tracks. What is particularly pernicious today is the additional undermining of trust in the security of deposits. This is where the banking crises of March intersect with our fears of an asset market liquidation. As a reminder, central to the argument was that changes in the size and composition of the Fed's balance sheet would be damaging to asset markets. On the one hand, we have seen an immediate (but supposedly temporary) increase in the size of the Fed's balance sheet. On the other hand, a light has been shone on the relative danger of uninsured banking deposits compared to government backed money market funds. Given the fact that the increased safety of the latter actually comes with a higher interest rate, we expect deposit flight from banks to continue despite continued efforts to reinforce the regulatory system. Not only will this lead to further scrutiny of the increasing levels of taxpayer deposit guarantees, but it will continue to undermine the ability of commercial bank balance sheets to act as a shock-absorber for any distress in financial markets.

At Ruffer, we always aim to create a portfolio that is robust to multiple future pathways. The fine line between monetary and financial stability is central to how the portfolio is positioned today. If the Federal Reserve prioritises financial stability concerns, continues to expand its balance sheet and sets the scene for interest rate cuts before inflation is wrung out of the system, then we enter the next phase of the inflationary regime. Under this scenario our portfolio allocations to inflation-linked bonds, gold and commodities should get an immediate tailwind. However, if the Federal Reserve continues to focus on bringing inflation down through monetary tightening, then we fear that liquidation risk comes to the fore. If interest rates remain where they are, let alone go higher, and quantitative tightening continues (proving the recent central bank balance sheet expansion to be as temporary as originally claimed), then the painful chokehold of the interest rate squeeze will continue. In this environment, the portfolio is protected by its low equity weight (both gross and net) and potent protections against likely distress in credit markets.

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. This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the UK Financial Conduct Authority © Ruffer LLP 2023



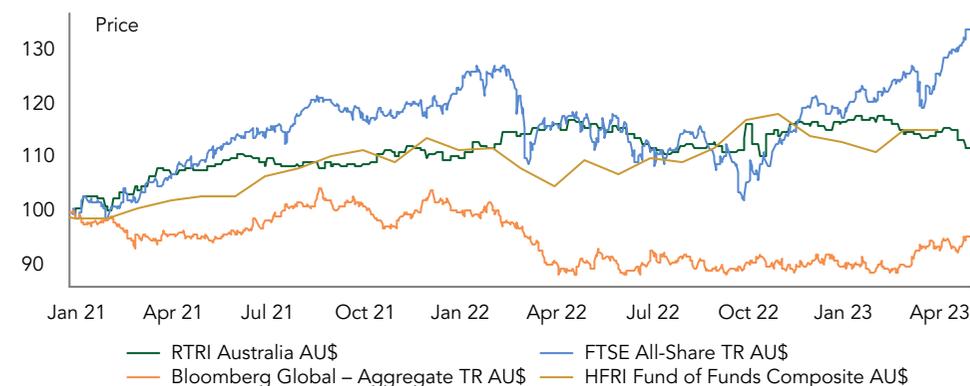
### Investment objective

The investment objective of the fund is to achieve low volatility, positive returns 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. Investors should note that there can be no assurance that the investment objective will be achieved. Returns are not guaranteed.

### 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



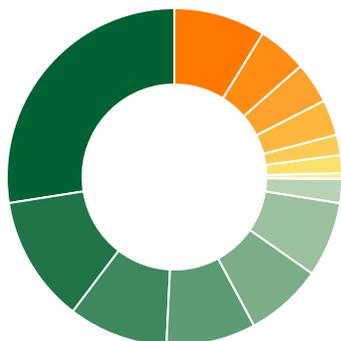
RTRI Australia capitalisation shares	Performance %	As at 30 April 2023	AUD
April 2023	-2.5	Unit price	1.1210
Year to date	-4.2	Source: Ruffer LLP, RTRI – Australia Fund.	
1 year	-3.3	Past performance is not an indicator of future performance.	
Since Inception	12.1		

12 month performance to March %	2022	2023
RTRI Australia AU\$	8.7	-1.3
FTSE All-Share TR AU\$	9.4	8.4
Bloomberg Global – Aggregate TR AU\$	-5.1	3.1
HFRI Fund of Funds Composite AU\$	2.6	10.0

Source: Ruffer LLP, FTSE International, Bloomberg, HFRI. 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. The comparator benchmarks shown are those of the underlying fund, hedged in AUD, which were chosen because they represent the investible universe of the strategy, both in terms of instruments and geographies.

## Ruffer Total Return International – Australia Fund as at 30 Apr 2023

### Asset allocation – underlying fund (RTRI)



Asset allocation	%
Short-dated bonds	27.5
Cash	12.1
Non-UK index-linked	9.6
Index-linked gilts	8.6
Long-dated index-linked gilts	7.4
Gold exposure and gold equities	7.3
Protection strategies	2.3
Commodity exposure	8.8
UK equities	4.7
North America equities	4.0
Europe equities	3.4
Asia ex-Japan equities	2.0
Japan equities	1.7
Other equities	0.5

### 10 largest equity holdings\*

Stock	% of fund
iShares MSCI China A UCITS ETF	1.0
Bayer AG	0.8
Ryanair	0.7
Shell	0.6
Alibaba Group Holding	0.6
Ambev SA	0.5
Hoya	0.5
Glencore	0.5
Taiwan Semiconductor Manufacturing Co	0.5
Agnico Eagle Mines Limited	0.4

### 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	6.3
US Treasury 0.625% TIPS 2024	6.0
Australian govt bonds 2.75% 2024	5.5
UK Treasury 0.125% 2024	5.0
US Treasury FRN 31 Oct 2024	4.2

\*Excludes holdings in Ruffer funds  
Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

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Fund size **AUD\$256.2m**

### 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
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Buy/sell spread	0%
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Minimum initial investment	AUD\$20,000
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Management costs	1.07% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 0.9% Indirect costs of 0.17%
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Dealing Day	Weekly, typically a Thursday*
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Subscription and redemption cut-off	Weekly, typically 2pm Friday*
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Subscription and redemption settlement dates	T+5, typically a Thursday*
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Investment Manager	Ruffer LLP
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Responsible Entity	The Trust Company (RE Services) Limited
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Custodian and Administrator	Apex Fund Services Pty Ltd
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Auditors	Ernst & Young
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\*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 Manager

#### 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 CISI. 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 March 2023, assets managed by the Ruffer Group exceeded A\$49.0bn.

### Enquiries

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