

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

There was a growing sense through September that a combination of US economic resilience and higher oil prices would force the US Fed to keep interest rates higher for longer. The latest ‘dot plot’ of Federal Open Markets Committee board members’ expectations for interest rates over the coming few years, which the Fed uses to influence the market’s expectations of the level and path of future interest rates, seemed to confirm as much – suggesting for the first time that rates would stay above 5% for all of 2024. A persistently strong economy with a persistent inflation problem demands persistently high interest rates. Equity and bond markets had already started to roll over in anticipation, but the release of the dot plot on 20 September encouraged them both lower into month end.

That the fund largely sidestepped these falls was thanks to the large allocation to very short-dated UK and US government bonds, which carried positively even as longer-term interest rates rose. The fund’s position in oil and energy and related equities also made a positive contribution, benefitting from supply-side discipline from both OPEC and marginal US producers. It is our view recession risks are building, and oil will not be immune once the market downgrades demand expectations, so we took some profits.

On the other side of the ledger, the fund’s longer dated bond holdings, in US (TIPS) and UK inflation-linked bonds, were the biggest detractors from performance. Towards the end of the month, we decided to take advantage of these falls to add to US TIPS, allocating 5% of the fund’s capital to ten year bonds offering real yields of nearly 2.3%. This was partly funded by a sale of the small remainder of the fund’s gold bullion exposure. The latter has remained remarkably resilient in the face of persistently high US real rates, giving us an opportunity to switch the exposure into TIPS at what we deem very good relative value.

We also took advantage of the spurt of US dollar strength in September to reduce US dollar exposure in favour of further bolstering our yen position, which now makes up c20% of the fund. We continue to expect the yen to be one of the assets at the epicentre of an unwind of trades that have proved popular this year but that we deem unsustainable.

On the flip side of US dollar strength was sterling weakness, which also allowed us to exit the position in Australian government bonds on favourable terms. We remain cautious on sterling, but it has fallen hard and fast over the last couple of months and we don’t want a temporary reversal to hold back performance.

A darkening economic reality, combined with tight monetary policy in the UK and US and incrementally restrictive policy from the Bank of Japan, we think will ultimately cause a great, and quite possibly sudden, reversal of the market moves over the first eight months of 2023. When it comes, this should benefit the fund’s biggest positions, in UK and US inflation-linked bonds, and the yen. We may well look back on September 2023 as a turning point.

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



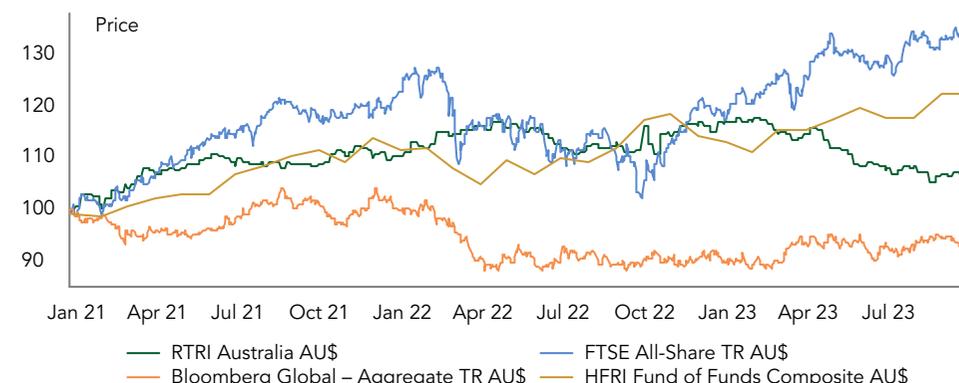
Investment objective

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 September 2023	AUD
September 2023	-0.6	Unit price	1.0621
Year to date	-9.2	Source: Ruffer LLP, RTRI – Australia Fund.	
1 year	-8.9	Past performance is not an indicator of future performance.	
Since Inception	6.2		

12 month performance to September %	2022	2023
RTRI Australia AU\$	6.8	-8.9
FTSE All-Share TR AU\$	-10.7	24.0
Bloomberg Global – Aggregate TR AU\$	-10.6	1.9
HFRI Fund of Funds Composite AU\$	5.0	4.4

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 Sep 2023

Asset allocation – underlying fund (RTRI)



Asset allocation	%
● Short-dated bonds	31.2
● Non-UK index-linked	17.7
● Cash	15.2
● Long-dated index-linked gilts	7.5
● Gold exposure and gold equities	3.0
● Protection strategies	2.6
● Index-linked gilts	0.8
● Commodity exposure	6.1
● UK equities	5.4
● North America equities	3.4
● Europe equities	3.3
● Asia ex-Japan equities	3.3
● Other equities	0.5

10 largest equity holdings*

Stock	% of fund
iShares MSCI China A UCITS ETF	1.8
Alibaba Group Holding	1.0
BP	0.9
Ryanair	0.7
Taiwan Semiconductor Manufacturing Co	0.5
Bayer AG	0.5
Ambev SA	0.5
Glencore	0.4
Amazon	0.4
Vallourec	0.3

5 largest bond holdings

Stock	% of fund
US Treasury 0.625% TIPS 2024	6.4
US Treasury FRN 31 Oct 2024	5.5
US Treasury FRN 31 Jan 2025	4.0
US Treasury 0.125% TIPS 2052	3.1
US Treasury FRN 31 Jan 2024	2.8

*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\$290.3m**

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	1.07% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 0.9% Indirect costs of 0.17%	
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	Apex 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

Alex Lennard

INVESTMENT DIRECTOR
Joined Ruffer in 2006 after graduating from Exeter University degree in economics and finance. He is a member of the CISI. He is co-manager of two of Ruffer's flagship funds.



Fiona Ker

INVESTMENT MANAGER
Joined Ruffer in 2017 from Ernst & Young. She manages portfolios for institutions with a focus on international clients and is a member of the CISI and the Institute of Chartered Accountants for England & Wales.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2023, assets managed by the Ruffer Group exceeded A\$47.5bn.

Enquiries

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