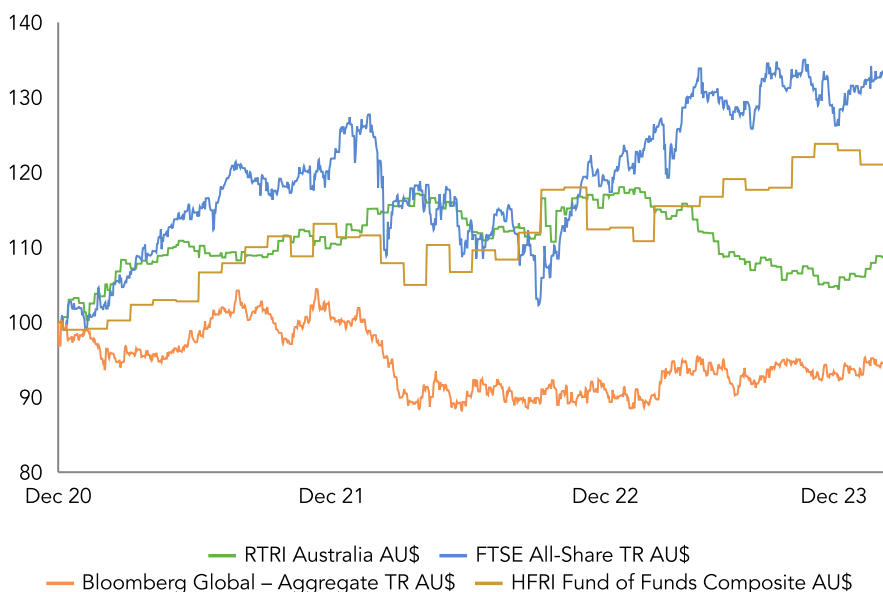


# Ruffer Total Return International – Australia Fund

## SHARE PRICE PERFORMANCE SINCE LAUNCH ON 24 DECEMBER 2020

Past performance does not predict future returns



Christmas arrived early for asset owners last year, as December saw US equities approach all-time highs and the bond rally continue. The Federal Reserve provided the festive cheer, by pivoting their message from 'higher for longer' interest rates to 'lower, sooner', projecting three cuts in 2024 thanks to falling inflation. This reinforced the market's soft-landing narrative and drove a US-centric Santa rally. Elsewhere, the Bank of Japan left policy unchanged despite significant noise, and investors remained unimpressed by the lack of concrete stimulus measures in China. As was the case in November, the fund's fixed income holdings were the largest contributor – adding over 1.5% to performance. Yields continued to fall as the Chair of the Federal Reserve assured markets that they were unlikely to raise interest rates any further, taking the US ten year bond yield to 3.9%, down more than 1% since October. Our US exposure participated in the rally as the market broadened out from the 'Magnificent 7' technology stocks. Gold exposure was helpful, as the metal reached new highs. Meanwhile, the yen managed to gain over 4% against both the US dollar and the pound, despite the Bank of Japan leaving their loose monetary policy intact, adding over half a percent to performance in addition to gains from our yen call options. However, despite making positive returns in both December and the final quarter of 2023, the fund continued to face headwinds from its protective positions, which suffered as equities rose and credit spreads narrowed.

It continues to be our belief that tighter liquidity conditions present a significant risk to markets. Accordingly, we have reduced the fund's duration by roughly half from its recent peak, with sales of US bonds and gold bullion. This felt prudent given the bond market is now pricing six interest rate cuts in 2024, double the amount anticipated by the Fed. We believe a soft landing is now close to fully priced, leaving the market exposed to any pushback from policymakers or the data. We maintain the view that it is too early to declare a soft-landing victory. Even if the probability of this outcome has increased, market pricing has moved even further, creating an asymmetry in asset prices. We think the scenario in which the market's six interest rate cuts are validated, is the arrival of recession. However, a soft landing is not an impossibility, and the fund holds over 20% across equities and commodities which should benefit from a broader market rally and further economic strength. This is also supported by the remaining fixed income positions and gold equities, which should rise in value if yields fall further. Portfolio balance, which was painfully elusive at points last year, is now much more secure – evident in recent months as markets have rallied and the fund has delivered a positive return, despite its defensive positioning. Crucially though, if liquidity conditions and the economy do deteriorate, our derivative holdings – primarily credit protection and exposure to the VIX, should appreciate sharply. There were glimmers of this mid-month, as a small but sharp one day sell-off in the S&P saw the VIX index spike 12% intraday.

Overall, we enter the new year with the mindset that we are continuing to travel towards the danger, rather than away from it, and we will not let a disappointing 2023 obscure what we see in front of us.

## DECEMBER 2023

Performance cap %	AUD
December	2.2
Year to date	-7.3
1 year	-7.3
3 years pa	2.5
5 years pa	-
10 years pa	-
Since inception pa	2.7

Share price	AUD cap
	1.0845

	Net	Gross
Duration (years)	3.2	3.6
Equity exposure %	20.5	21.0

Z cap AUD	Volatility %	Sharpe	Sortino
3 years	5.8	0.1	0.1
5 years	-	-	-
10 years	-	-	-
Since inception	5.7	0.1	0.2

## 12 month performance to 31 December 2023

%	2019	2020	2021	2022	2023
RTRI AUD	-	-	9.6	6.0	-7.3
FTSE All-Share TR AU\$	-	-	24.0	-4.4	13.7
B'berg Gbl-Agg TR AU\$	-	-	0.9	-10.7	5.8
HFRI FOF Comp AU\$	-	-	12.5	1.2	7.5

One to twelve month performance figures are cumulative, all others are annualised. Source: RTRI-AU, FTSE International, Bloomberg, HFRI. 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 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 the Fund is to achieve 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.

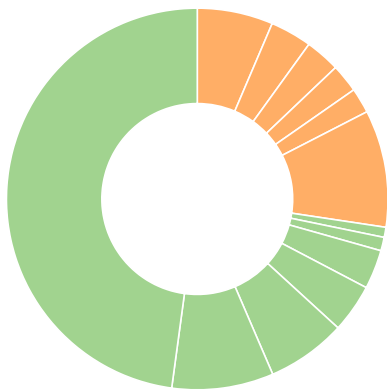
## TARGET MARKET SUMMARY

This product is likely to be appropriate for a consumer seeking capital growth to be used as a major, core, minor or satellite component within a portfolio where the consumer has a minimum five year investment timeframe, medium to high risk/return profile and needs monthly access to capital. Investors should refer to the TMD for further information.

# Ruffer Total Return International – Australia Fund

31 Dec 23

## ASSET ALLOCATION



Asset allocation	%
Short-dated bonds	47.9
Long-dated index-linked gilts	8.6
Cash	6.7
Gold exposure and gold equities	4.1
Non-UK index-linked	3.3
Credit and derivative strategies	1.1
Index-linked gilts	0.9
Commodity exposure	6.4
Consumer discretionary equities	3.5
Financials equities	3.0
Healthcare equities	2.4
Energy equities	2.1
Other equities	9.9

Currency allocation	%
Sterling	73.2
Yen	16.1
US dollar	5.9
Euro	1.7
Hong Kong dollar	1.1
AU dollar	0.4
Other	1.6

Geographical equity allocation	%
UK equities	6.3
Asia ex-Japan equities	5.4
North America equities	4.7
Europe equities	4.1
Other equities	0.5

## 5 LARGEST EQUITY HOLDINGS

Stock	% of fund
iShares MSCI China A UCITS ETF	2.7
BP	1.7
Alibaba Group	0.9
TSMC ADR	0.8
Alibaba ADR	0.8

Largest equity holdings exclude Ruffer funds | Source: Ruffer LLP | Totals may not equal 100 due to rounding

## RUFFER LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2023, assets managed by the Ruffer Group exceeded A\$44.7bn.



FUND SIZE **A\$308.3M**

## FUND INFORMATION

Management costs	1.02% per annum of net asset value of fund comprising: a management fee 0.77% administration costs 0.10% indirect costs 0.15%	
Minimum initial investment	AU\$20,000	
Cut offs	Redemptions and subscriptions weekly, typically 2.00pm Friday	
Dealing frequency	Weekly, typically a Thursday	
Distribution	Annual, although not expected. Year end is 30 June	
Settlement dates	Redemptions and subscriptions T+5, typically a Thursday	
Investment manager	Ruffer LLP	
Administrator	Apex Fund Services Pty Ltd	
Custodian	Apex Fund Services Pty Ltd	
Responsible entity	The Trust Company (RE Services) Limited	
Auditors	Ernst & Young	
Fund regulator	Australian Securities and Investments Commission (ASIC)	
Structure	Managed Investment Scheme	
APIR	PIM1038AU	
ARSN	643 278 693	
Asset class	Multi-Asset	
Buy/sell spread	0%	
Share class	ISIN	Ticker
AUD cap	AU60PIM10382	PIM1038 AU

## ENQUIRIES

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## FUND TEAM



**Alex Lennard**  
FUND MANAGER

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 comanager of two of Ruffer's flagship funds.



**Fiona Ker**  
FUND 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.

## GLOSSARY

**Volatility** measures the extent to which returns vary over a given period. High volatility means returns have been more variable over time

**Duration** measures the sensitivity of a bond or fixed income portfolio's price to changes in interest rates. The higher the duration, the more sensitive the price or portfolio is to changes in interest rates

**Sharpe ratio** measures the performance of an investment, adjusting for the amount of risk taken (compared to risk-free). The higher the ratio, the better the returns compared to the risk taken

**Sortino ratio** measures the extra return an investment makes for each unit of bad risk (the chance of losing money below a certain target)

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