

# Ruffer Total Return International – Australia Fund

## Positive returns with low volatility

During February, the fund price rose by 4.0%. This compared with a rise of 2.0% in the FTSE All-Share index and a fall of 5.7% in the FTSE Govt All Stocks index (all figures total returns in sterling).

We always expected the journey to a post-covid world would be a bumpy ride, especially after the fireworks in stock markets last year, so we positioned the portfolio accordingly. With bond yields ending 2020 at extraordinarily low levels, it was only a matter of time before investors started to fret about a stronger than anticipated economic recovery in the coming months. February duly delivered the first of what may be several jolts to asset prices as bond yields rose sharply, gold sold off and equities fell back from all time highs touched in mid-February.

We have long been aware of the risk to portfolio performance from a rise in bond yields. Accordingly, we accumulated small, but powerful, holdings in interest rate options at bargain prices last year to protect against the damage exactly such a move could do to our long-dated inflation-linked bonds. These interest rate options rose sharply in February, ensuring we made a good return despite falls in gold and inflation-linked bonds. In technical terms, the interest rate options reduced the overall duration of the portfolio to close to zero, eliminating the downside risk from rising bond yields, despite the fact we continue to hold about 15% of the fund in the longest duration inflation-linked bonds available in both the UK and US. At the same time, we continue to avoid other hidden 'long duration' assets such as the US mega-cap growth stocks.

Freed from the drag of falling bond prices, the fund made a healthy gain in February thanks to strong rises in the recovery-biased equities in the portfolio. Previously 'out of favour' holdings such as UK banks (Lloyds, Natwest and Barclays) rose by around 20%, the oil majors gained approximately 10% and Japanese banks had a moment in the sun with rises of up to 15%. The small amount of exposure to cryptocurrency held via the Ruffer Illiquid Multi Strategies Fund also contributed positively.

Viewed from 10,000 feet, however, the big picture remains the same. Our conviction of an inflationary end to these events is unshaken, but at some point markets were going to test central bankers' resolve to keep interest rates nailed to the floor once economies showed signs of recovery. There may well be more such tests to come, hence the fund consists of essentially three 'legs'. First, inflation-linked bonds, gold and cryptocurrency protect against higher inflation and financial repression. In fact, we have used the recent sell-off to add to inflation-linked bonds. Secondly, unconventional protections such as interest rate options and credit protections enable us to keep to our course through the likely squalls. Finally, recovery-oriented equities profit from the reopening of economies around the world.

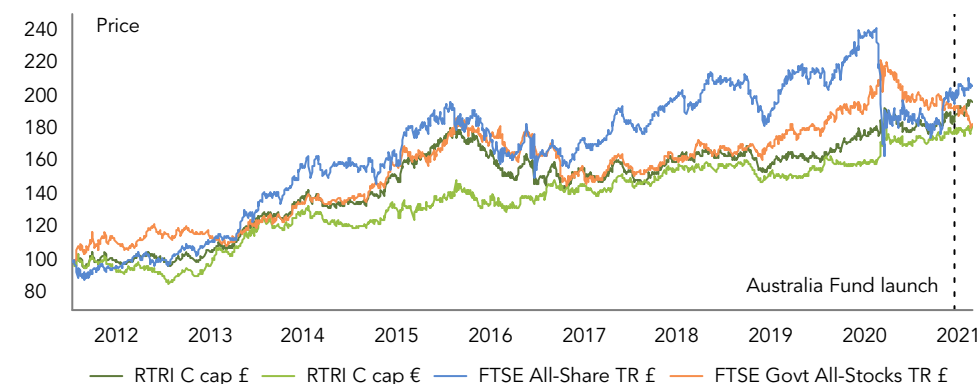
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



## Investment objective

The investment objective of Ruffer Total Return International ('the 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). Pervading this objective is a fundamental philosophy of capital preservation.

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



Unit price	Performance %	As at 28 February 2021	AUD
February 2021	4.0	Unit price	105.08

Source: Ruffer LLP, RTRI – Australia Fund. Past performance is not an indicator of future performance. Current UK regulations require any information provided on past performance must be based on, and show complete 12 month periods, starting after the first complete calendar quarter. Therefore the performance charts and other relevant performance data will be provided after 31 December 2021.

12 month performance to December %	2016	2017	2018	2019	2020
RTRI C cap £	14.3	1.0	-6.5	8.1	13.1
RTRI C cap €	13.0	0.1	-7.5	6.7	12.3
FTSE All-Share TR £	16.8	13.1	-9.5	19.2	-9.8
FTSE Govt All-Stocks TR £	10.1	1.8	0.6	6.9	8.3

Source: Ruffer LLP, FTSE International (FTSE)† All figures refer to simulated past performance based on the Ruffer Total Return International fund to 31 December 2020 and include reinvested income. 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.

## Ruffer Total Return International – Australia Fund as at 28 Feb 2021

### Asset allocation – underlying fund



Asset allocation	%
● Non-UK index-linked	15.9
● Protection strategies	11.3
● Cash	11.3
● Long-dated index-linked gilts	7.6
● Index-linked gilts	6.6
● Gold and gold equities	6.0
● UK equities	15.4
● North America equities	9.5
● Japan equities	8.8
● Europe equities	5.8
● Asia ex-Japan equities	1.7

### 10 largest equity holdings\*

Stock	% of fund
iShares Physical Gold	2.5
Lloyds Banking Group	2.4
Barclays	1.9
NatWest Group	1.6
BP	1.6
Charles Schwab	1.2
Royal Dutch Shell	1.2
Vinci	1.2
BT	1.1
Ambev SA	1.1

### 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	6.6
UK Treasury index-linked 0.125% 2068	4.5
US Treasury 0.625% TIPS 2021	3.1
US Treasury 0.875% TIPS 2029	2.8
UK Treasury index-linked 0.375% 2062	2.7

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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Fund size \$1,044.9m

### 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	TBC	
Buy/sell spread	0%	
Minimum initial investment	AUD\$20,000	
Management costs	1.24% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 1.07% 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	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. A list of the impacted dates is 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.



### Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2021, assets managed by the Ruffer Group exceeded £21.0bn.

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