

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During January, the fund price rose by 1.5%. This compared with a fall of 0.3% in the FTSE All-Share Index and a fall of 3.9% in the FTSE Govt All Stocks Index (all figures total returns in sterling).

Investors returned from the holiday period to face the prospect of much tighter financial conditions led by the US Federal Reserve. There are signs that higher inflation is embedding itself across the US economy, notably the labour market, and will not necessarily ease once supply chain disruptions abate. With interest rates close to zero and consumer price inflation at 7%, US policymakers are reacting to the realisation that conditions have been too accommodative for too long. Current expectations see four rate hikes in 2022, up from two at the turn of the year. Investors are forced to adapt to a world where the Fed now shows greater willingness to withstand financial market volatility in combatting inflation. The anticipation of rising rates provided a difficult backdrop for our inflation-linked bonds during the month, but this headwind was offset by the positive contribution from interest rate options. These options remain a key portfolio component and allow us to manage the fund's interest rate sensitivity in what we expect will be a volatile period for bond markets. The fund's duration remained close to zero as we ended the month.

Global equities offered little respite for investors, recording their worst monthly return (-4.5%) since March 2020. The declines were even greater for the technology focused Nasdaq composite (-9.0%), confirming our fears that the faster growing and more speculative parts of the equity market would be most acutely impacted by a rising cost of capital. Growing geopolitical tensions emanating from Russia and Ukraine did little to improve risk appetite. On a historical basis, inflation above 3% sees the correlation between bonds and equities turn positive and January provided a brief taste of the challenges conventional portfolios will encounter as monetary conditions tighten.

We are pleased to have delivered a positive return over the month when index level returns for both bonds and equities were negative. Despite the challenging backdrop, there were pockets of resilience as more cyclically exposed equities, which had been out of favour for much of the last decade, returned to prominence. Our equities, which are heavily tilted to this part of the market, contributed a positive return over the month. The most significant drivers of performance were the energy majors, which continued to rally as oil prices reached a seven year high. Demand remains strong and supply constrained, supporting our continued exposure across the energy sector. Elsewhere, bank stocks benefited from the rise in yields, supporting their position as an offset to the inflation-linked bonds. We resisted the urge to add meaningfully to equities during the recent weakness and instead maintain the current exposure at just below 40%.

The Federal Reserve may be the first mover, but the current inflationary pressures are not confined to the US. Other central banks will face pressures to join them in attempting to remove the stimulus punchbowl. The coming interest rate cycle is unlikely to be as well choreographed or as smooth as the last, resulting in continued uncertainty and a testing time for financial assets. We believe we have the right toolkit to survive and perhaps thrive in this environment.

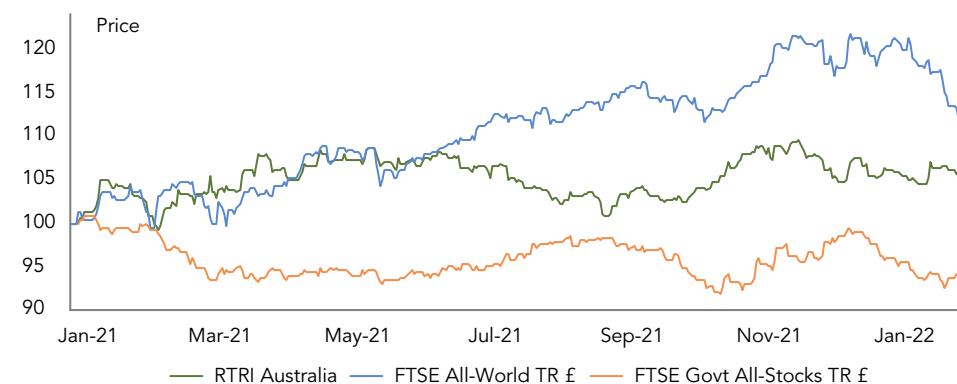
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

Performance since sub-fund launch on 24 December 2020



RTRI Australia capitalisation shares	Performance %	As at 31 January 2022	AUD
January 2022	1.5	Unit price	1.12
Year to date	1.5		
1 year	11.6		

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

12 month performance to December %	2021
RTRI Australia	9.6
FTSE All-World TR £	19.5
FTSE Govt All-Stocks TR £	-5.2

Source: Ruffer LLP, FTSE International. 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 31 Jan 2022

Asset allocation – underlying fund (RTRI)



Asset allocation	%
Index-linked gilts	14.7
Long-dated index-linked gilts	10.4
Non-UK index-linked	8.1
Gold exposure and gold equities	7.8
Short-dated bonds	7.7
Cash	6.5
Protection strategies	6.3
UK equities	16.9
Europe equities	6.6
Japan equities	6.5
North America equities	6.3
Other equities	2.2

10 largest equity holdings*

Stock	% of fund
Royal Dutch Shell	2.6
NatWest Group	2.4
BP	2.2
GlaxoSmithKline	1.7
Ambev SA	1.5
Lloyds Banking Group	1.4
Mitsubishi UFJ Financial Group	1.4
ORIX Corporation	1.3
Bayer	1.0
Bristol-Myers Squibb	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	8.6
US Treasury 0.625% TIPS 2023	6.2
UK Treasury 0.125% 2023	5.7
UK Treasury index-linked 2.5% 2024	4.4
UK Treasury index-linked 0.125% 2068	4.2

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

The views expressed in this marketing communication are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL No. 235150 (Responsible Entity) is the responsible entity of Ruffer Total Return International – Australia Fund ARSN 643 278 693 (Fund) and issuer of units in the Fund. This document has been prepared by Ruffer LLP (FRN #229135) (Ruffer or the Investment Manager) and issued by the Responsible Entity. Any advice Provided is general advice only and does not take into account your objectives, financial situation or needs. You should consider the PDS available from ruffer.co.uk/rtri-au and before making a decision to buy or continue to hold interests in the Fund. The Responsible Entity has appointed Ruffer to provide investment and other services to the Fund, pursuant to an investment management agreement entered into between the Responsible Entity and Ruffer. Ruffer LLP is licensed by ASIC as an Australian Financial Services Licensee, to manage portfolios for wholesale clients, with AFSL number licence number 526358. However, Ruffer is not authorised to provide financial product advice to retail clients in Australia. The Fund invests into Ruffer SICAV and RTRI is a sub-fund of Ruffer SICAV. Past performance information shown is of Ruffer Total Return International (RTRI or Underlying Fund) and not the Fund. Past performance of the RTRI is not a reliable indicator of the future performance of the market or the Fund. The performance shown is that of the Underlying Fund and not the Fund. The Responsible Entity intends, shortly following the first 12 months of trading by the Fund, to provide performance information for the Fund. The Fund invests in the Underlying Fund which in turn invests in a wide range of strategies seeking to achieve its investment objective in all market conditions.

Fund size **AUD\$75.4m**

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
-----------	------------

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. A list of the impacted dates is available from ruffer.co.uk/rtri-au

© 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.

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 December 2021, assets managed by the Ruffer Group exceeded A\$44.7bn.

Enquiries

Ruffer LLP
80 Victoria Street australiafund@ruffer.co.uk
London SW1E 5JL ruffer.co.uk/rtri-au

This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the United Kingdom Financial Conduct Authority, and is currently exempt from the requirement to hold an Australian Financial Services Licence (AFSL) under the Corporations Act 2001 (Cth) (Corporations Act) in respect of the financial services it provides to Wholesale Clients in Australia. The Target Market Determination (TMD) is available on request, please email australiafund@ruffer.co.uk © Ruffer LLP 2022

