

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During June, the fund price fell by 3.0%. This compared to the FTSE All-World Index which fell by 4.9% and a fall of 1.8% in the FTSE Govt All Stocks Index (all figures total returns in AUD).

June began calmly, as markets (like us) mooted the idea that the worst of the inflation and interest rate damage might be past. The CPI inflation release on June 10 put paid to any such thinking, catalysing a sharp selloff in both bond and equity markets as global central banks accelerated their interest rate hikes. On a global basis nothing escaped the selloff: no major asset class delivered a positive return in the month, with the exception of Chinese equities. The last time this happened was in March 2020 in the depths of the covid crisis.

June's inflation release closed the window for a potential equity market rally by shifting the moment of peak inflation later into the year. We have high conviction that the triple tightening being executed by the Federal Reserve is likely to prove exceptionally damaging to financial markets over the next few months, meaning there will not be time for the peak inflation thesis to prove itself before markets or the economy crack under the tightening pressure.

We reflect this with the lowest weight to equities (25%) for the Ruffer strategy since March 2003. This is accompanied by a full suite of derivative protections. There are times in the market cycle that just need to be got through and we have to accept some volatility in the returns. Our preoccupation remains in avoiding a permanent and significant loss of capital.

Looking at June in isolation this extreme defensiveness was not enough. The only large positive contribution (+1%) came from the credit protections (these express a bearish view on corporate bonds) and the protective options (these express a bearish view on equity markets and interest rates), showing once again the importance of unconventional assets. Equities detracted around 2.5% from performance, with the allocation to Alibaba the only bright spot. Gold exposure and inflation-linked bonds accounted for most of the remaining negative performance.

In an episode of surprising and persistently high inflation, no allocation to risk escapes repricing. This has become clear to public market investors this year and will become clear to private market investors when their asset managers deign to reprice their private assets accurately (our bet: 2025). An allocation to cash is an underrated decision in such an environment because it offers the certainty of a slow loss. We have talked previously about putting the portfolio into a 'crouched' position - we are now unequivocally flat on the ground as bullets whizz overhead.

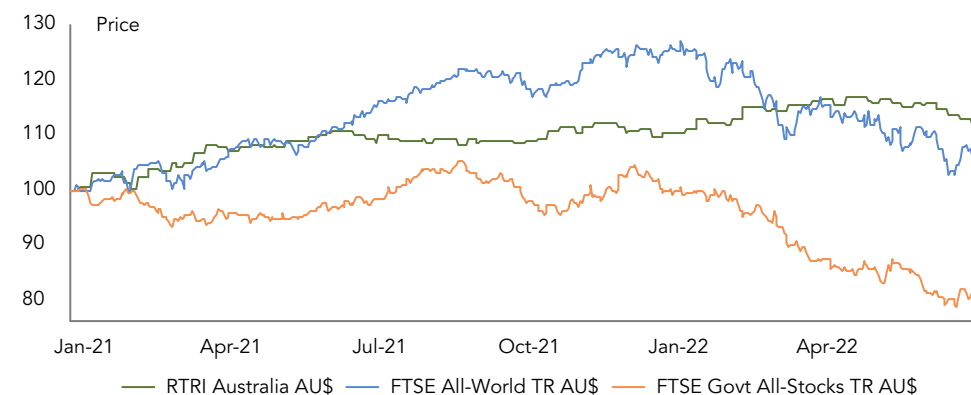
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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 30 June 2022	AUD
June 2022	-3.0	Unit price	1.12
Year to date	1.5		
1 year	3.1		

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

12 month performance to June %	2022
RTRI Australia AU\$	3.1
FTSE All-World TR AU\$	-7.9
FTSE Govt All-Stocks TR AU\$	-17.1

Source: Ruffer LLP, FTSE International. 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. © 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.

Ruffer Total Return International – Australia Fund as at 30 Jun 2022

Asset allocation – underlying fund (RTRI)



Asset allocation	%
Short-dated bonds	19.2
Index-linked gilts	13.5
Cash	9.5
Long-dated index-linked gilts	8.2
Gold exposure and gold equities	7.9
Non-UK index-linked	7.7
Protection strategies	7.1
UK equities	9.5
Europe equities	5.1
Japan equities	5.0
North America equities	4.9
Asia ex-Japan equities	0.6
Other equities	1.5

10 largest equity holdings*

Stock	% of fund
BP	2.1
ORIX	1.0
Ambev SA	1.0
Cigna	1.0
Banco Santander	1.0
Mitsubishi UFJ Financial Group	1.0
Shell	0.9
GlaxoSmithKline	0.8
Vodafone Group	0.8
Telefonica	0.7

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	7.4
UK Treasury 0.125% 2023	7.4
US Treasury 0.625% TIPS 2023	5.9
UK Treasury index-linked 2.5% 2024	4.6
US Treasury FRN 2023	3.5

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

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Fund size **AUD\$83.3m**

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	1.05% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 0.9% Indirect costs of 0.15%
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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	Mainstream 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



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 May 2022, assets managed by the Ruffer Group exceeded A\$46.8bn.

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