

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

Higher global yields and fears about slowing economic growth in Europe and China saw the major bond and equity markets decline in August. The fund retreated, too, as market declines were not sharp or deep enough to trigger our potent derivative protections.

No single factor drove global yields higher. Instead, a smorgasbord of drivers included: 'higher for longer' interest rate policies amidst persistent inflation; heavy planned US Treasury issuance; robust US economic data; and Fitch's US government credit rating downgrade, which highlighted the scale of the Federal deficit – already a whopping 6.5%, with full employment! The fund's long-dated UK and US inflation-protected bonds suffered from the rise in yields. These should rally in the event of recession.

In Europe, flash PMIs (economic outlook indicators) pointed to a sharp contraction. Meanwhile, China's re-opening is spluttering. Its c \$60tn property market is reeling after years of regulatory pressure, deteriorating demography, shaken household confidence and a broken Ponzi-esque funding model. Piecemeal stimulus measures from Beijing have so far failed to reassure investors, but there's little in the price for good news. We believe fatter market tail risks from China's economy – and politics – will remain with us for years to come. Expect surprises.

China stocks aside, equity markets' August retreat was relatively orderly. An uneventful earnings season plus a lack of policy or inflation shocks has kept volatility ('vol') in markets low. That has kept the vol-targeting machine-led investment strategies – so powerful in today's markets – invested. The fund's small equity allocation retreated with indices but, given the steady nature of the market decline, our derivatives have yet to kick in, so were a small performance drag. The same goes for our c 16% position in the yen, which declined modestly despite the Bank of Japan's relaxation of yield curve control in July. Just like the derivatives, a significant market shock could see dramatic yen appreciation. Our c 8% oil position was the primary positive contributor, helped by continued OPEC supply-side discipline.

Markets still believe in a 'soft landing' – inflation dissipates without a recession. Yet we stick to our increasingly unfashionable belief that record monetary tightening's full impact has yet to be felt. Locked-in low rates and faster nominal GDP growth have likely deferred – but not de-fanged – the biting point. Even America's remarkably robust economy is displaying cracks. Covid-era excess savings have been spent; consumer confidence is slowing; Q2 GDP growth and recent payrolls were revised lower; US department stores are reporting rising credit card delinquencies.

Central banks could soon find themselves in a much trickier situation as inflation 'base effects' and (now rising) energy prices switch from being disinflationary tailwinds to inflationary ones. If economies continue to slow, this could raise recession risk by forcing central banks to stay inappropriately tight. But if economies reaccelerate – especially in the US – it raises the spectre of a second inflationary wave, with further rate hikes. From our derivatives to dollars, yen to bonds, the fund remains well-positioned for the reassertion of gravity in financial markets, and the opportunities that will lie beyond.

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



August 2023 Issue 33

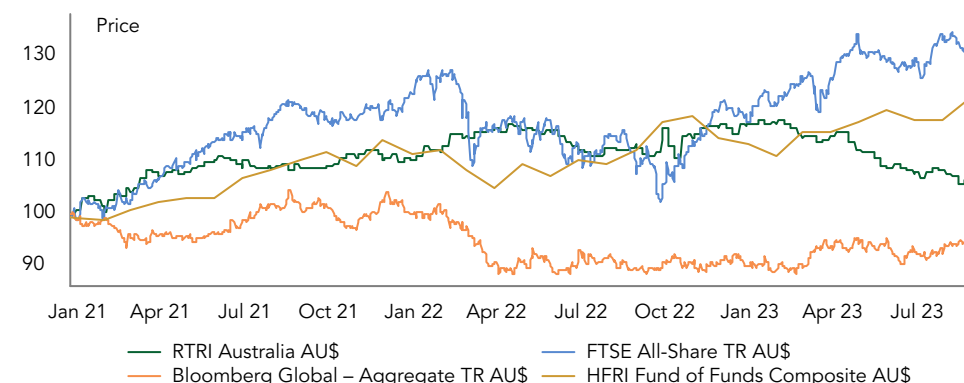
Investment objective

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 31 August 2023	AUD
August 2023	-1.4	Unit price	1.0685
Year to date	-8.7	Source: Ruffer LLP, RTRI – Australia Fund.	
1 year	-5.6	Past performance is not an indicator of future performance.	
Since Inception	6.9		

12 month performance to June %	2022	2023
RTRI Australia AU\$	3.1	-3.5
FTSE All-Share TR AU\$	-2.4	16.7
Bloomberg Global – Aggregate TR AU\$	-7.5	1.9
HFRI Fund of Funds Composite AU\$	3.2	7.1

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 31 Aug 2023

Asset allocation – underlying fund (RTRI)



Asset allocation	%
Short-dated bonds	37.4
Non-UK index-linked	13.2
Cash	9.6
Long-dated index-linked gilts	8.7
Gold exposure and gold equities	5.4
Protection strategies	2.0
Index-linked gilts	0.8
Commodity exposure	8.4
UK equities	5.0
North America equities	4.0
Europe equities	2.5
Asia ex-Japan equities	2.5
Other equities	0.5

10 largest equity holdings*

Stock	% of fund
iShares MSCI China A UCITS ETF	1.2
BP	0.9
Alibaba Group Holding	0.8
Ryanair	0.7
Taiwan Semiconductor Manufacturing Co	0.5
Bayer AG	0.5
Ambev SA	0.5
Amazon	0.4
Glencore	0.4
GlaxoSmithKline	0.3

5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Jan 2024	6.6
US Treasury 0.625% TIPS 2024	6.1
US Treasury FRN 31 Oct 2024	5.8
US Treasury FRN 31 Jan 2025	3.8
Australian govt bonds 2.75% 2024	3.5

*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\$281.8m**

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 1.07% 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 Entity

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 Manager

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 CISI. 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 July 2023, assets managed by the Ruffer Group exceeded A\$47.2bn.

Enquiries

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