

WS Ruffer Diversified Return Fund

PERFORMANCE SINCE LAUNCH ON 15 SEPTEMBER 2021



October saw a sell-off in bond and equity markets, with both the benchmark US ten year Treasury bond and the MSCI World equity index falling by over 3%. It was the sixth consecutive month of losses for Treasuries and the third consecutive month of losses for the equity market.

Rising bond yields (so falling bond prices) since the summer have been driven by resilient economic data, a theme that continued in October, and by further increases in forecasts for US government spending. Something that also looks set to continue, with the conflict in the Gaza Strip adding further to US defence and foreign aid spending.

In the portfolio, although the protections worked (especially credit) and the balance of the portfolio was much improved as compared to earlier in the year, the muted nature of the equity sell-off so far has meant that these gains were insufficient to fully offset the losses from our bond holdings.

It has long been our belief – expressed on these pages almost every month this year – that rising bond yields would, slowly then suddenly, cause damage to financial markets and thereafter the wider economy. Wary of the timing of such an event, we have kept the portfolio relatively lightly positioned this year, but that has not prevented it from failing to deliver on Ruffer’s core objective of preserving capital over a rolling 12 month period. Whilst similar previous rolling 12 month losses for the Ruffer portfolio have historically heralded significant downturns in markets (and ensuing positive returns for the portfolio), that is scant consolation at this point.

In October, however, we drew a line in the sand. The bond market narrative shifted from ‘recession is still a possibility’ to ‘definitely a soft landing’, with long-dated US yields rising through the important 5% level as a result. This shift gave us an attractively priced opportunity to significantly increase the portfolio’s interest rate sensitivity (duration), with investors seemingly comfortable that both the economy and financial markets can support higher interest rates for longer. We did so by adding to our existing longer duration position in US TIPS (treasury inflation protected securities) and also buying long-dated nominal government bonds for only the second time since the financial crisis (the previous time being the prior high in yields in October 2022).

It is our firm view that bond yields cannot rise further from here without doing significant damage to both the real and financial economies. In the short term the opposite may be more likely – that bond yields come down, giving markets a temporary fillip – and we should benefit from such an outcome through the fund’s increased duration. However, signs are increasingly visible that high interest rates are causing damage in financial markets (struggling small caps, utilities and banks) and now also in the real economy (higher corporate delinquencies, falling job openings and sky high mortgage rates). So far, this year has been a difficult one for our portfolio and a trying time for our investors, but we feel the fund is well set to deliver on our aims in the volatile environment to come.

We are holding a meeting for shareholders on Tuesday 5 December at our office in London. If you would like to attend please email ruffer@ruffer.co.uk.

C CLASS OCTOBER 2023

Performance C acc %	GBP	
October	-1.0	
Year to date	-8.6	
1 year	-6.6	
3 years pa	-	
5 years pa	-	
10 years pa	-	
Since inception pa	-1.1	
Share price, p		
C GBP acc	97.57	
C GBP inc	95.11	
Dividend yield	1.8	
	Net	Gross
Duration (years)	5.0	6.5
Equity exposure %	15.3	13.2

12 month performance to 30 September 2023

%	2019	2020	2021	2022	2023
RDRF C acc	-	-	-	3.4	-5.0
UK Bank Rate	-	-	-	0.8	4.1

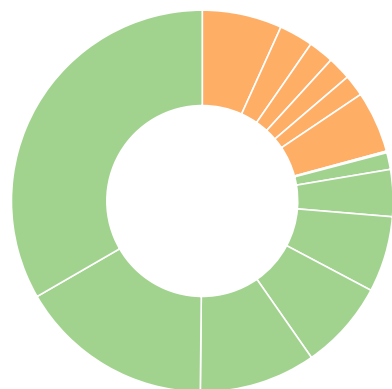
One to twelve month performance figures are cumulative, all others are annualised. Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund’s prospectus. Ruffer performance is shown after deduction of all fees and management charges, and on the basis of 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

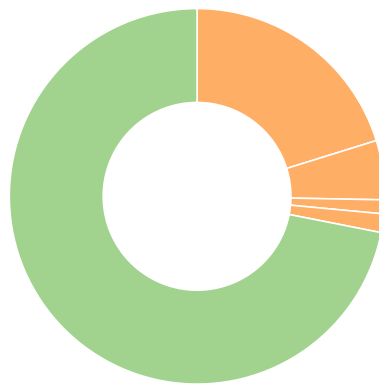
To seek to achieve positive returns in all market conditions over any 12 month period, after all costs and charges have been taken. Underlying this objective is a fundamental philosophy of capital preservation. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any one or a number of 12 month periods.

WS Ruffer Diversified Return Fund as at 31 Oct 23

ASSET ALLOCATION



CURRENCY ALLOCATION



Asset allocation	%
Short-dated bonds	33.3
Non-UK index-linked	16.5
Long-dated bonds	9.9
Cash	7.6
Long-dated index-linked gilts	6.4
Gold exposure and gold equities	4.0
Index-linked gilts	1.4
Credit and derivative strategies	0.1
Commodity exposure	6.8
Consumer discretionary equities	2.9
Financials equities	2.1
Consumer staples equities	2.0
Healthcare equities	1.8
Other equities	5.2

Currency allocation	%
Sterling	71.9
Yen	20.2
US dollar	5.1
Euro	1.2
Other	1.6

Geographical equity allocation	%
North America equities	5.2
UK equities	3.0
Europe equities	2.8
Asia ex-Japan equities	2.5
Other equities	0.5

5 LARGEST EQUITY HOLDINGS

Stock	% of fund
Alibaba Group ADR	0.9
Cigna	0.8
Agnico Eagle Mines	0.6
Amazon	0.6
Kenvue	0.5

Excludes holdings in 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 September 2023, assets managed by the Ruffer Group exceeded £24.1bn.



FUND SIZE **£1,948.9M**

FUND INFORMATION

Annual management charge %	1.1	
Minimum investment (or equivalent in other currency)	£1,000	
Ongoing Charges Figure %	capped 1.12	
Dealing frequency	Daily	
Valuation point	12:00	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Investment manager	Ruffer LLP	
Depository	The Bank of New York Mellon (International) Limited	
Authorised Corporate Director	Waystone Management (UK) Limited	
Auditors	Ernst & Young LLP	
Structure	Sub-fund of WS Ruffer Managed Funds (OEIC) UK domiciled UCITS Eligible for ISAs	
Share class	ISIN	SEDOL
C GBP acc	GB00BMWLQT53	BMWLQT5
C GBP inc	GB00BMWLOS47	BMWLOS4

ENQUIRIES

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FUND TEAM



Duncan MacInnes
INVESTMENT DIRECTOR |
FUND MANAGER

Joined Ruffer in 2012. He graduated from the University of Glasgow School of Law in 2007 and spent four years working at Barclays in Glasgow, London and Singapore. He is a CFA charterholder and co-manager of two of Ruffer's flagship funds.



Ian Rees
INVESTMENT DIRECTOR |
FUND MANAGER

Joined Ruffer in 2012, after graduating from the University of Bath with an honours degree in economics. He spent 2017 in Ruffer's Hong Kong office working as an equity analyst covering emerging markets, and is a CFA charterholder.



Gemma Cairns Smith
SENIOR INVESTMENT ASSOCIATE |
FUND SPECIALIST

Joined Ruffer in 2020 as part of the graduate programme. She holds a first class degree in land economy from the University of Cambridge.

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

UK Bank Rate the rate the Bank of England charges banks and financial institutions for loans with a maturity of one day

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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

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