

TM Ruffer Portfolio

Positive returns with low volatility

During August, the fund price rose from 99.93p to 100.54p.

August commenced with markets continuing to bask in the summer sun, as a softer than expected inflation release fed the narrative that the US economy was passing peak inflation with no signs of weakness in the labour market. This was the 'goldilocks' style environment that many investors were longing for but it appears incompatible with the likely path of monetary policy. We felt that this rally would ultimately be self-defeating since rising equity prices (among other measures) are catalysts for looser financial conditions – the very opposite of the tightening the Federal Reserve hopes to enforce on the economy. The party pooper on this occasion was Federal Reserve Chair Powell, speaking at the annual Jackson Hole economic symposium. In contrast to recent communications, which had given some the hope that the Fed was reaching for the pause button, Powell left little doubt that they remain resolute in the battle to combat the current period of high inflation. One regional Fed President even noted his satisfaction with the equity market's negative response to Powell's speech – oh, how times have changed!

For investors, this amounted to another difficult month in an already challenging year. Developed market equities fell, whilst bond markets suffered as yields rose sharply. Yield rises were most pronounced in Europe as expectations responded to the advancing energy price crisis and the likelihood of further interest rate rises. Despite the expected rise in inflation, which some forecasters estimate will exceed 20% in the UK, longer term inflation expectations remain anchored to historic averages, creating a headwind for the Fund's long-dated, index-linked gilts. This was offset by notable contributions from interest rate payer swaptions, which benefit from rising yields, and our other less conventional protective assets. The Fund's equity exposure fared better than wider indices in part due to our tilt towards energy, with BP rising by 10% over the month.

In a world where interest rates are rising and liquidity is being drained from the financial system (the pace of quantitative tightening in the US is doubling from September), our focus is firmly on our primary investment objective of capital preservation. Following a decade where the investment mantra was best summarised by TINA (There is No Alternative) as those seeking returns were forced to absorb ever more risk, investors are now offered a genuine alternative in the form of higher short-term interest rates on cash. We are concerned that this will be the catalyst for a reduction in allocations to risk assets, with few areas of safety. Therefore, we now have a low weighting to equities, both in absolute terms and relative to our 27 year history, and have bolstered our unconventional protections to defend the portfolio should financial markets fall further. This should not be viewed as a low conviction portfolio, rather one that is well-placed to protect from potential turbulence ahead.

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.

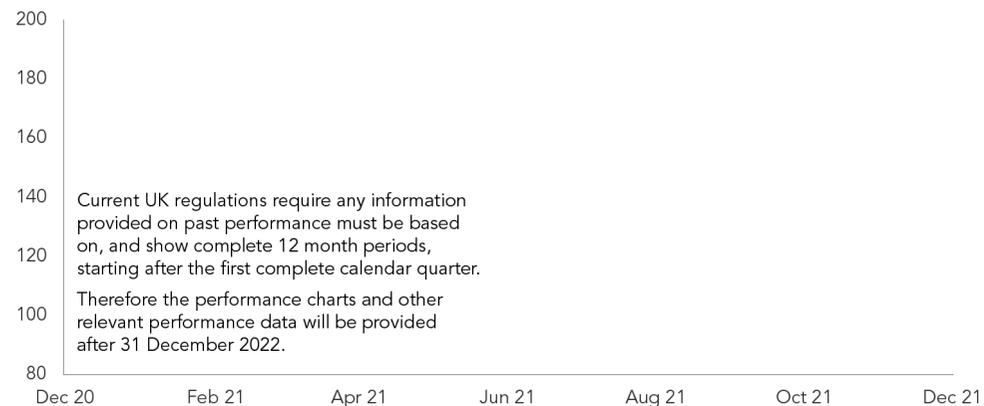


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Investment objective

To achieve positive returns over a 12 month period, after all costs and charges have been taken, regardless of market conditions. 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.

Performance since launch



Share price as at 31 August 2022	p
C accumulation	100.54

Source: Ruffer LLP

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TM Ruffer Portfolio as at 31 Aug 2022

Asset allocation



Asset allocation	%
Short-dated bonds	20.8
Index-linked gilts	17.7
Credit and derivative strategies	17.1
Non-UK index-linked	12.4
Long-dated index-linked gilts	6.7
Cash	5.7
Gold exposure and gold equities	2.4
Global funds	0.3
North America equities	5.0
UK equities	3.8
Europe equities	2.9
Japan equities	2.7
Asia ex-Japan equities	1.6
Other equities	0.8
Currency allocation	%
Sterling	69.4
Yen	10.7
US dollar	9.3
Australian dollar	5.8
Euro	0.2
Other	4.6

Currency allocation



10 largest equity holdings*

Stock	% of fund
Ambev SA	0.6
Alibaba Group ADR	0.6
BP	0.5
Swire Pacific	0.5
NEC	0.5
Sumitomo Mitsui Financial Group	0.4
Resona	0.4
Cigna	0.3
Savannah Energy	0.3
UPM-Kymmene Oyj	0.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.3
UK Treasury index-linked 2.5% 2024	8.3
US Treasury 0.625% TIPS 2023	7.7
UK Treasury 0.125% 2023	3.6
US Treasury 0.375% TIPS 2023	2.8

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

The fund's prospectus and key investor information documents are provided in English and available on request or from ruffer.co.uk. Please note that TM Ruffer Portfolio is a UK non-UCITS retail scheme (NURS). The TM Ruffer Portfolio is not registered for distribution in any country other than the UK. In line with the Prospectus, it is possible that at any one time the TM Ruffer Portfolio may invest more than 35% of its assets in transferable securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), the Governments of Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Australia, Austria, Brazil, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, LCR Finance plc, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and United States (including Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), Private Export Funding Corporation (PEFCO)) or by one of the following international organisations: African Development Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), the World Bank, Japan Development Bank, European Federal Home Loans, Kreditanstalt für Wiederaufbau (KfW) and the Nordic Investment Bank (NIB).

Fund size £2,461.3m

Fund information

	%
Ongoing Charges Figure (capped)	1.23
Annual management charge	1.20
Yield	0
Minimum investment	£100,000
Ex dividend dates	30 Jun, 31 Dec
Pay dates	28 Feb, 31 Aug
Dealing frequency	Weekly, every Wednesday where this is a business day Plus the final business day of the month
Valuation point	12.00 each dealing day

	Accumulation	Income
ISIN	GB00BP4DCZ86	GB00BP4DJF75
SEDOL	BP4DCZ8	BP4DJF7

Investment manager	Ruffer LLP
Auditors	Ernst & Young
Authorised Corporate Director	Thesis Unit Trust Management Limited
Depository	Bank of New York Mellon (International) Limited
Structure	Non-UCITS Retail Scheme Investment Funds (OEIC)

Enquiries

Ruffer LLP
80 Victoria Street
London SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk
www.ruffer.co.uk

Fund Managers

Luka Gakic

HEAD OF UK WEALTH
Joined Ruffer in 2011, after spending four years at Lehman Brothers, and then Nomura, where he worked in equity financing and delta-one sales. Graduated from the University of Oxford in 2006 with a degree in Philosophy, Politics and Economics and is a member of the Chartered Institute for Securities & Investment.



Alexander Chartres

INVESTMENT DIRECTOR
Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He is a member of the Chartered Institute for Securities & Investment and he co-manages two of Ruffer's flagship funds.



Investment Specialist

Kate Forsyth

INVESTMENT MANAGER
Joined Ruffer in 2016, with a degree in Spanish and International Management from the University of Bath. She became a member of the Chartered Institute for Securities & Investment following completion of the CISI Masters in Wealth Management in 2019.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2022, assets managed by the Ruffer Group exceeded £25.9bn.

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