

TM Ruffer Portfolio

Positive returns with low volatility

During September, the fund price rose from 100.54p to 103.48p.

A seamless succession from the late Queen Elizabeth II to King Charles III stood in stark contrast to growing instability in financial markets as the long reign of low inflation and easy money ends. Stocks and bonds both fell once again as the toxic cocktail of persistent inflation, central bank hawkishness, rising recession risk and political uncertainty left investors with few hiding places.

August's 8.3% US inflation print proved hotter than expected, dashing remaining hopes of a Fed 'pivot' away from aggressive monetary tightening. Stock markets suffered their biggest one-day drop since the depths of COVID and all the time the liquidity noose continues to tighten. Fed hikes took US rates to 3.25% and heading higher, with markets now predicting over 4% by the year end. Quantitative tightening (QT) – where the Fed drains liquidity by running down its holdings of government bonds – doubled to \$95bn per month. Lower liquidity means less money is available to support asset prices. Consequently, the fund retains a record low equity weight of c.15%, which detracted 0.9% from performance. Our downside derivative protections were the biggest positive, adding 3.0%. We have taken some profits here.

Against this febrile backdrop the new British government popped its head above the parapet with a 'mini-budget' requiring extra borrowing at a time of rapidly rising rates, high inflation and a large current account deficit. A market storm ensued: sterling touched an all-time low whilst UK bond yields surged, triggering a doom-loop of disorderly selling by Liability Driven Investing (LDI) pension strategies scrambling for cash to meet derivative margin calls. Real (inflation-adjusted) yields on the longest-dated UK index-linked bonds (held in the fund) rocketed to nearly 2%. This gave us the opportunity to add to these key assets at extraordinarily distressed prices, before the Bank of England was forced to step in to restore order. At one point down over 85% year to date, the 2073 index-linked gilts rallied nearly 250% from their trough to the month end, adding significantly to performance. They remain an option on long-term inflation expectations un-anchoring. We also added new positions in long-dated US inflation-protected TIPS and conventional bonds totalling c.7%. The combination of higher yields and growing recession risk now makes these bonds more attractive than for many years. We also increased our US dollar weighting after the pound recovered from its 'mini-budget' meltdown. For now, the dollar offers defensive characteristics in a world of deepening risks.

Britain's gilt market seizure is a warning from the future. As the liquidity tide continues to recede, other crises will emerge. Housing markets are one obvious area where rapid rate rises are already causing trouble. As the Bank of England has just discovered, central banks may have to choose between controlling inflation or protecting financial stability. Ending the reign of easy money was never going to see a smooth succession. The fund remains defensively positioned with the liquidity to take opportunities as they arise.

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.

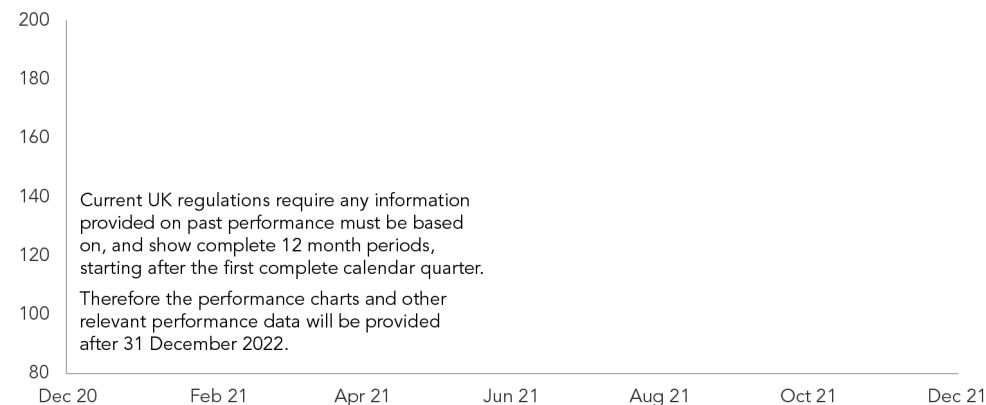


September 2022 Issue 10

Investment objective

To achieve positive returns over a 12 month rolling 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 twelve-month rolling periods.

Performance since launch



Share price as at 30 September 2022	p
C accumulation	103.48

Source: Ruffer LLP

The views expressed in this report 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 information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser. 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.

TM Ruffer Portfolio as at 30 Sep 2022

Asset allocation



Currency allocation



Asset allocation	%
● Credit and derivative strategies	20.2
● Short-dated bonds	19.7
● Index-linked gilts	18.0
● Long-dated index-linked gilts	10.6
● Non-UK index-linked	6.0
● Long-dated bonds	5.3
● Gold exposure and gold equities	2.2
● Cash	2.1
● Global funds	0.3
● North America equities	4.7
● UK equities	3.5
● Europe equities	2.7
● Japan equities	2.5
● Asia ex-Japan equities	1.4
● Other equities	0.7
Currency allocation	%
● Sterling	64.7
● US dollar	14.1
● Yen	10.4
● Australian dollar	5.3
● Euro	1.4
● Other	4.1

10 largest equity holdings*

Stock	% of fund
Ambev SA	0.6
Alibaba Group ADR	0.5
Swire Pacific	0.5
BP	0.5
NEC	0.4
Sumitomo Mitsui Financial Group	0.4
Resona	0.4
Ryanair	0.3
Cigna	0.2
UniCredit	0.2

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	9.5
UK Treasury index-linked 2.5% 2024	7.6
UK Treasury index-linked 0.125% 2068	4.4
UK Treasury 0.125% 2023	3.5
US Treasury 0.625% 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 fur Wiederaufbau (KfW) and the Nordic Investment Bank (NIB).

Fund size **£2,585m**

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

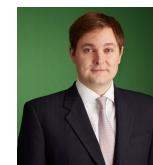
Luka Gakic

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 August 2022, assets managed by the Ruffer Group exceeded **£26.3bn**.

This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2022