

# TM Ruffer Portfolio

Positive returns with low volatility

January was an extremely strong month for almost all asset classes – the best start to the year for US and European equity markets since 2019 and 2015 respectively. Bonds rallied strongly as well. Indeed, the only major asset that did not rise in January was oil.

What drove such a strong month? The answer lies in the market's expectations of future events and how they have changed since October. Three factors matter most: firstly, a more emollient tone from the Federal Reserve in the US. As inflation and economic data has softened, and the Federal Reserve has reflected this by slowing the pace of interest rate hikes, the market has moved quickly to rule out the possibility of the US being driven into a significant recession.

Secondly, the warm winter in Europe has allowed energy prices to fall dramatically (European gas prices have now fallen 85% from their peak in August) and thus eliminate the concerns over European stagflation. And finally, the chaotic and rapid Chinese reopening has driven up market expectations of global economic growth in 2023, particularly in those spots where it was weakest such as European manufacturing and Chinese real estate.

All this contributed to a rapid reduction in fears of possible 'bad outcomes' for the market, and this has been reflected in a massive 50% decline in equity volatility and a 40% decline in bond volatility since October, accelerating in January and supporting a huge increase in risk-taking in the financial system. All the assets which performed worst last year have performed best so far this year, from cryptocurrencies to the 60/40 balanced portfolio.

The fund's risk assets have participated in this rally, but the protection assets have entirely cancelled that out. Ultimately, we don't think the major asset classes have repriced sufficiently to reflect a (US) risk-free rate of 4.5% or higher, meaning that we see few good risk-reward opportunities. The market is salivating at the prospect of Federal Reserve interest rate cuts beginning in the summer; it might be right, but the rally means that it will now be painful if the cuts aren't delivered. We remain defensively positioned and think it prudent to watch proceedings from the sidelines: our focus is on balancing the portfolio to make sure it retains its ability to protect capital in the drawdown that we expect will be visible later in the year. Better to live to fight another day!

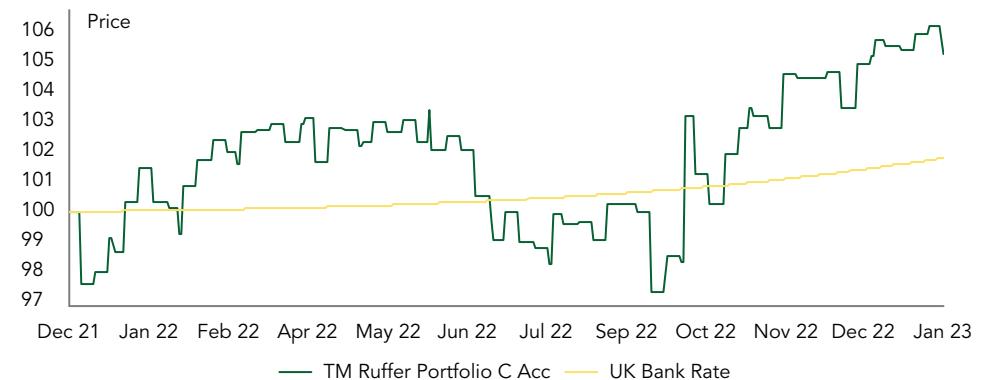


January 2023 Issue 14

## 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 on 9 December 2021



|              | Performance % | Share price as at 31 January 2023 | p |
|--------------|---------------|-----------------------------------|---|
| January 2023 | -0.5          | 105.54                            |   |
| Year to date | -0.5          | 102.42                            |   |
| 1 year       | 6.3           |                                   |   |

## 12 month performance to December %

2022

TM Ruffer Portfolio C Acc

7.5

UK Bank Rate

1.5

Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund's prospectus. 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 Information Document and the latest report and accounts.

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.

# TM Ruffer Portfolio as at 31 Jan 2023

## Asset allocation



## Asset allocation %

|                                    |          |
|------------------------------------|----------|
| ● Short-dated bonds                | 20.3     |
| ● Credit and derivative strategies | 14.1     |
| ● Index-linked gilts               | 11.5     |
| ● Non-UK index-linked              | 10.1     |
| ● Cash                             | 7.6      |
| ● Long-dated index-linked gilts    | 6.5      |
| ● Gold exposure and gold equities  | 4.6      |
| ● Global funds                     | 1.4      |
| ● Commodity exposure               | 6.4      |
| ● North America equities           | 5.9      |
| ● UK equities                      | 3.9      |
| ● Japan equities                   | 2.9      |
| ● Europe equities                  | 2.8      |
| ● Asia ex-Japan equities           | 1.5      |
| ● Other equities                   | 0.5      |
| <b>Currency allocation</b>         | <b>%</b> |
| ● Sterling                         | 60.9     |
| ● US dollar                        | 18.8     |
| ● Yen                              | 7.7      |
| ● Australian dollar                | 5.5      |
| ● Euro                             | 1.9      |
| ● Other                            | 5.2      |

The fund's prospectus and key information documents are provided in English and available on request. 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).

## Currency allocation



## 10 largest equity holdings\*

| Stock                           | % of fund |
|---------------------------------|-----------|
| BP                              | 0.6       |
| Ambev SA                        | 0.5       |
| Sumitomo Mitsui Financial Group | 0.4       |
| Resona                          | 0.3       |
| Alibaba Group                   | 0.3       |
| Vallourec                       | 0.3       |
| Amazon                          | 0.3       |
| Swire Pacific                   | 0.3       |
| Cigna                           | 0.3       |
| Alibaba Group Holding           | 0.3       |

## 5 largest bond holdings

| Stock                                | % of fund |
|--------------------------------------|-----------|
| UK Treasury index-linked 0.125% 2024 | 5.8       |
| UK Treasury index-linked 2.5% 2024   | 5.8       |
| UK Treasury index-linked 0.125% 2068 | 4.1       |
| UK Treasury 0.75% 2023               | 4.0       |
| UK Treasury 0.125% 2024              | 3.9       |

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

Fund size £2,745.3m

## Fund information

|                                  |  |                        |
|----------------------------------|--|------------------------|
|                                  |  | %                      |
| Ongoing Charges Figure           | 1.24   |                        |
| Annual management charge         | 1.14   |                        |
| Maximum annual management charge | 1.20   |                        |
| Yield                            | 1.78   |                        |
| 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<br>Plus the final business day of the month |                        |
| Valuation point                  | 12.00 each dealing day   |                        |
| ISIN                             | Accumulation<br>GB00BP4DCZ86   | Income<br>GB00BP4DJF75 |
| SEDOL                            | BP4DCZ8  | BP4DJF7                |
| Investment manager               | Ruffer LLP   |                        |
| Auditors                         | Ernst & Young LLP  |                        |
| 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

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## Fund Managers

### Luka Gakic

#### HEAD OF UK WEALTH

Joined Ruffer in 2011, after four years at Lehman Brothers, and 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 CISI.



### 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 CISI and 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 December 2022, assets managed by the Ruffer Group exceeded £26.3bn.

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