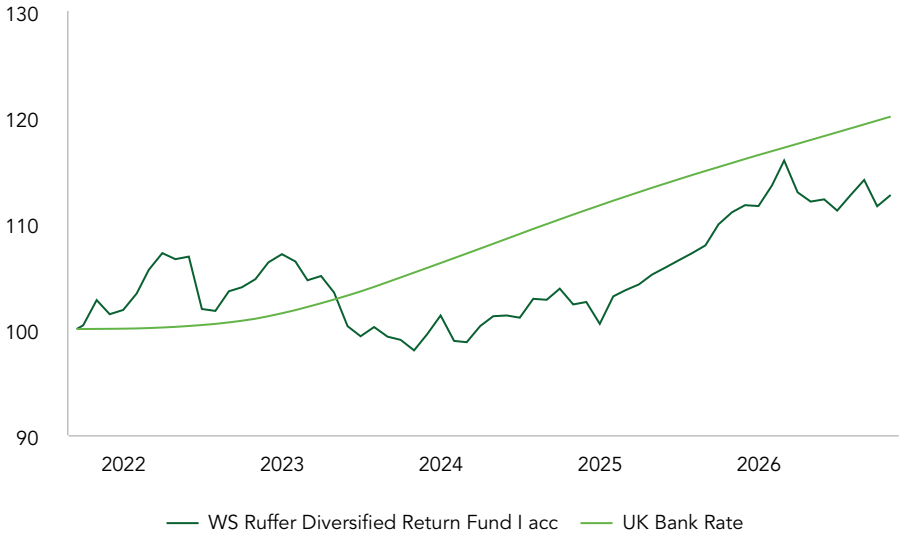
WS Ruffer Diversified Return Fund

SHARE PRICE PERFORMANCE SINCE LAUNCH ON 15 SEPTEMBER 2021



Global bond yields have risen dramatically this year, driven by a cocktail of factors including robust economic growth, energy-related inflation pressure and fiscal strain. But they reached a local peak in early October as fresh AI-related growth concerns overwhelmed higher energy prices driven by escalation prospects in the Gulf. Bonds rallied, with the benchmark US 10-year yield falling from a high of 5.36% on 5 October to 4.92% by month end. Fund performance was positive over the month, buoyed by both its rate-sensitive equities and its increased bond allocation.

We had been adding to bonds in recent months as yields – and therefore prospective returns – became more attractive. The fund's duration (interest rate sensitivity) has nearly doubled since July. The recent rally has allowed us to take some profits by selling the small allocation to US 30-year treasuries, which had outperformed other bonds. Although yields could yet march higher again, we continue to see value in the fund's bonds, which are paying income as well as offering potential for significant capital gains. Moreover, it was notable, during the recent AI scare, that the US stock-bond correlation briefly became negative (bonds rallied as equities dropped), suggesting that bonds should – at least tactically – work in an AI-led deflationary bust.

Despite lower yields, which traditionally would be considered good for interest-free gold, the precious metal endured its worst month since 2008. The fund's gold miners were the largest performance detractor this month, alongside the protective derivatives. Equity and credit market volatility remained relatively subdued, despite huge rotations within markets: value stocks sharply outperformed the wider market, good news for our value-biased equity allocation.

The bond rally and equity rotation are largely thanks to the AI trade enduring its latest wave of doubt. In the eye of the storm this time are the so-called neoclouds – companies whose IT cloud services are optimised for AI applications. We don't have an edge on when the AI capex story will finally roll over, be it months or years hence. But we don't think you need to play that game to find attractive growth investment opportunities. There is considerable fundamental value on offer in markets outside the narrow AI trades, where you can have greater confidence about future returns. We added 3% to our collection of US stocks with a high free cash flow yield (c 8.5% versus the S&P 500 on c 3.5%) which would particularly profit in a broadening market rally. Further equity additions included US banks (beaten-up beneficiaries of more capital market activity if the AI train rolls on) and regulated utilities, which offer attractive inflation-plus growth characteristics. We also added to US dollar exposure (now around 20%) to improve portfolio balance in the event of further energy-related escalation in the Gulf or a continuation of the US-centric AI-driven market dynamic. Whether one of the multitude of tail risks crystallises or the economic boom continues and broadens, we believe the portfolio is well set, whatever the market weather.

I CLASS OCTOBER 2026

Performance I acc %	GBP
October	0.9
Year to date	0.9
1 year	1.5
3 years pa	4.8
5 years pa	1.9
10 years pa	–
Since inception pa	2.3

Share price, p	
I GBP acc	112.64
I GBP inc	105.85
Dividend yield	1.59

	Net	Gross
Duration (years)	4.1	4.1
Equity exposure %	36.4	36.9

I acc GBP	Volatility %	Sharpe	Sortino
3 years	4.4	0.1	0.1
5 years	4.9	-0.4	-0.4
10 years	–	–	–
Since inception	5.0	-0.3	-0.3

12 month performance to 30 September 2026

%	2022	2023	2024	2025	2026
RDRF I acc	3.6	-4.8	4.9	5.8	1.6
UK Bank Rate	0.8	4.1	5.2	4.5	3.8

One to 12 month performance figures are cumulative, all others 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 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.

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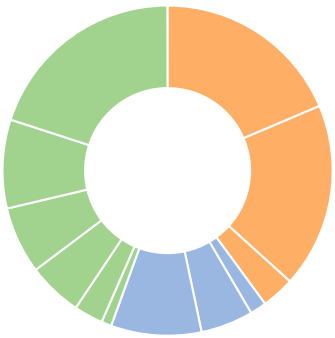
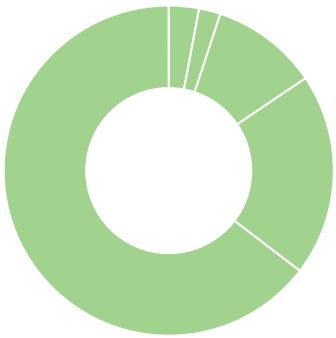
ASSET ALLOCATION



CURRENCY ALLOCATION



Protection	%
Long-dated US inflation-linked govt bonds	20.1
Medium-dated UK govt bonds	8.7
Long-dated UK govt bonds	6.6
Long-dated Japanese govt bonds	5.4
Gold and precious metals exposure	2.9
Credit and derivative strategies	0.4
Liquidity	
Short-dated govt bonds	8.9
Short-dated inflation-linked govt bonds	5.2
Cash	1.6
Growth	
Thematic equities	18.7
Bottom up equities	18.2
Commodity exposure	3.3

Largest equity holdings	%
Amazon	0.8
Prudential	0.8
Solventum	0.8
BP	0.8
SLB	0.7

Currency	%
Sterling	64.6
US dollar	19.8
Yen	10.5
Euro	2.1
Other	3.0
Geographical equity	
North America equities	15.6
UK equities	8.3
Europe equities	7.0
Japan equities	3.9
Asia ex-Japan equities	1.5
Other equities	0.6

Bottom-up equities are held primarily for the merits of the individual business, while thematic equities are held primarily to express a broader economic or structural investment view. The credit and derivatives strategies allocation is calculated using market value. In some cases, this allocation might be negative due to the nature of how the instruments, in particular credit default swaps, are priced. Largest equity holdings exclude 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 2026, assets managed by the Ruffer Group exceeded £17.4bn.

DYNAMIC PLANNER™ PROFILED 4

defaqto RISK RATING 2 VERY CAUTIOUS

SQUARE MILE A

FUND SIZE £1,447.7M

FUND INFORMATION

Annual management charge %	0.9
Minimum investment (or equivalent in other currency)	£50m
Ongoing Charges Figure %	0.93
Dealing frequency	Daily
Valuation point	12:00
Pay dates	15 May, 15 Nov
Record dates	15 Mar, 15 Sep
Investment manager	Ruffer LLP
Depositary	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
I GBP acc	GB00BMWLQW82	BMWLQW8
I GBP inc	GB00BMWLQV75	BMWLQV7

ENQUIRIES

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PORTFOLIO MANAGEMENT TEAM

Ruffer has a single investment strategy and asset allocation. A team of portfolio managers are collectively responsible for implementing this strategy across all our core funds.

LEAD PORTFOLIO MANAGERS

WS RUFFER DIVERSIFIED RETURN FUND

Ian Rees
Jasmine Yeo

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The fund's prospectus and key investor information documents are provided in English and available on request or from ruffer.co.uk/rdrf WS Ruffer Managed Funds is a UK UCITS. The WS Ruffer Diversified Return Fund is not registered for distribution in any country other than the UK. In line with the Prospectus, it is possible at any one time the WS Ruffer Diversified Return Fund may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be UK or US government issued transferable securities.

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