

TM Ruffer Portfolio

Positive returns with low volatility

If ever there was a month to dig a little deeper than a cursory glance at the positive returns for both bonds and equities, it was March 2023. We began the month with US Federal Reserve Chairman Jerome Powell reintroducing volatility to the bond market after he noted that the Fed would again consider 50bp rate hikes. This moved bond yields higher for a matter of days before the collapse of Silicon Valley Bank in the US and the rushed acquisition of the long-troubled Credit Suisse by its Swiss counterpart UBS, as investors turned their backs on the weakest of financials. Policymakers have been swift in responding and we have likely survived a moment of acute stress. What has not been solved is the chronic shift of deposits away from bank accounts to higher yielding alternatives and the damaging effect this will pose to financial market liquidity.

The fund's duration assets, through inflation-linked government bonds and gold exposure, delivered positive contributions as yields fell. On the negative side of the ledger, the fund's exposure to commodity assets detracted from performance as uncertainty over the health of the global economy rose. Given the stability of the portfolio through these rapidly shifting sands, we resisted the temptation to make major changes. However, we did increase yen exposure to c 15% to enhance its role as a key protective asset in the portfolio's armoury.

There appears to be a growing dichotomy between the interpretation of recent events by bond and commodity markets compared to equities. The former are more than hinting that economic conditions are soon to deteriorate, whilst the latter is basking in another duration led rally catalysed by the fall in bond yields. We do not believe that both views can be held simultaneously for long. Our issue with the equity market's muscle memory is that given policymaker's battle with persistent inflation, you cannot have falling rates without a recession taking the heat out of the economy. We understand the logic that a lower discount rate makes future cash flows more valuable in the present, but we doubt that future cash flows will be unblemished in a tougher economic backdrop. Given this viewpoint, we continue to operate with a relatively modest exposure to risk assets (c 30% including equities and commodity exposure).

In 2022 investors were fixated on the rate of change of interest rates, however, we do not think financial markets are out of the woods even if policymakers appear to be reaching the final stages of their current rate hiking cycle. We operate in a financial system that has become accustomed to ever lower interest rates over the past four decades. The obvious outcome in such an environment is for leverage to increase – and increase it has. Whilst interest rates might have risen sharply over the last 12 months, the impact is not always felt instantaneously. As Warren Buffett once said, “only when the tide goes out do you learn who has been swimming naked”. A repricing of the cost of capital has already taken out the giddiest parts of the market but the longer rates are held at current levels, the further the pain is likely to spread.

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.

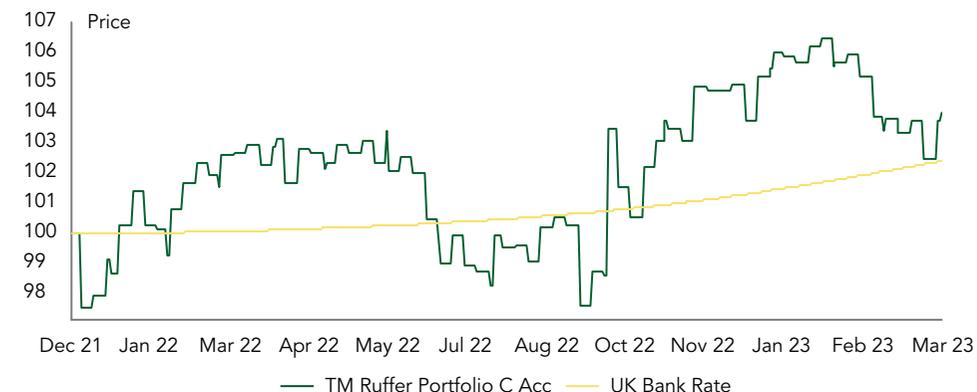


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Investment objective

To achieve positive returns over a 12 month 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 March 2023	p
March 2023	0.5	C accumulation	103.99
Year to date	-1.9	C income	100.92
1 year	1.1		

12 month performance to March %	2023
TM Ruffer Portfolio C Acc	-1.9
UK Bank Rate	2.3

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.

TM Ruffer Portfolio as at 31 Mar 2023

Asset allocation



Asset allocation	%
Short-dated bonds	17.2
Credit and derivative strategies	13.3
Non-UK index-linked	9.8
Cash	8.2
Long-dated index-linked gilts	6.8
Gold exposure and gold equities	6.7
Index-linked gilts	4.9
Commodity exposure	9.1
North America equities	7.4
UK equities	5.3
Asia ex-Japan equities	4.4
Europe equities	3.4
Japan equities	2.8
Other equities	0.6
Currency allocation	%
Sterling	64.2
Yen	15.5
US dollar	8.2
Australian dollar	5.1
Euro	0.6
Other	6.4

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares MSCI EM Asia UCITS ETF	2.0
Alibaba Group ADR	0.9
Alibaba Group Holding	0.8
Shell	0.7
Ambev SA	0.6
BP	0.6
Glencore	0.5
Bayer AG	0.5
ArcelorMittal	0.5
Pioneer Natural Resources Company	0.4

5 largest bond holdings

Stock	% of fund
UK Treasury 0.125% 2024	4.4
UK Treasury index-linked 0.125% 2068	4.1
US Treasury 0.625% TIPS 2024	3.4
US Treasury 0.375% TIPS 2023	3.0
UK Treasury index-linked 0.125% 2024	2.9

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

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).

Fund size £2,829m

Fund information

	%
Ongoing Charges Figure	1.24
Annual management charge	1.14
Maximum annual management charge	1.20
Yield	1.8
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
ISIN	Accumulation GB00BP4DCZ86 Income 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 28 February 2023, assets managed by the Ruffer Group exceeded £26.2bn.

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