

WS Ruffer Diversified Return Fund

SHARE PRICE PERFORMANCE SINCE LAUNCH ON 15 SEPTEMBER 2021



The portfolio delivered a positive return over the month before what looks set to be an eventful second half of summer.

The beginning of July was broadly unremarkable until a slew of softer economic data raised hopes that the US Federal Reserve would ease monetary policy earlier and more than had previously been anticipated. This triggered a rotation out of the ‘Magnificent 7’ tech stocks into smaller companies, which are typically more economically sensitive than their larger peers. So far, this initial rotation has been orderly. The S&P 500 was positive for the month, helped by the soothing words of Federal Reserve Chair Jerome Powell on the final day of July. Whilst the market may currently cheer the prospect of lower interest rates, it is prudent to challenge the notion that bad news for the economy will be good for risk assets.

Gains for the month were led by the portfolio’s interest rate sensitive assets, such as the long-dated inflation-linked government bonds and gold mining companies, which enjoyed the move lower in bond yields. Another source of volatility and interest rate sensitivity was the yen, which appreciated 7% against the US dollar during July. The portfolio faced a headwind from its derivative protections as equity markets largely remained stable despite the movements under the surface.

Whilst the overriding theme from central banks is one of monetary easing, the Bank of Japan stood out from the crowd as it raised interest rates for the second time this year. We have previously written about the asymmetry we see in the yen. The size of likely interest rate hikes and their terminal level may be modest, yet they would partly close the yawning gap in monetary policy with other central banks. However, the yen’s primary role in the portfolio is protection. The plumbing of global financial markets makes the yen, in our opinion, a prime beneficiary of market turmoil. It is a favoured source of financing for investors borrowing to invest in higher returning assets overseas. If market conditions change for the worse, we expect the yen to benefit from a flight to safety as other assets struggle.

We do not attempt to time every market turn, but we do seek to increase the portfolio’s protective armoury when we sense moments of danger. In today’s environment, we see a lot of value in out of favour areas, such as volatility and the yen, rather than among conventional growth seeking assets. Equities, dominated by the US mega-caps, look expensive and have enjoyed a prolonged improvement in corporate profitability. Although there may be no predetermined cap on valuations and high prices do not offer any meaningful signal in the short term, they do point to a vulnerability should reality fall short of the market’s lofty expectations. At that point, valuations will matter. We have built a portfolio that should thrive – thanks to derivative protection – if conditions markedly worsen but should also deliver a positive, though perhaps unexciting, return should the exuberance continue.

C CLASS JULY 2024

Performance C acc %	GBP	
July	1.8	
Year to date	1.5	
1 year	2.5	
3 years pa	–	
5 years pa	–	
10 years pa	–	
Since inception pa	0.8	
Share price, p		
C GBP acc	102.28	
C GBP inc	99.23	
Dividend yield	1.14	
	Net	Gross
Duration (years)	2.7	2.8
Equity exposure %	14.6	23.7

12 month performance to 30 June 2024

%	2020	2021	2022	2023	2024
RDRF C acc	–	–	–	-2.7	1.6
UK Bank Rate	–	–	–	3.2	5.2

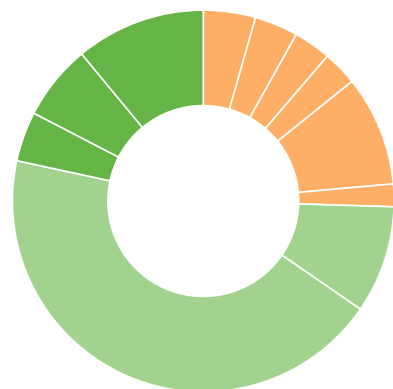
One to twelve month performance figures are cumulative, all others are annualised. Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund’s prospectus. Ruffer performance is shown after deduction of all fees and management charges, and on the basis of 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 seek 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.

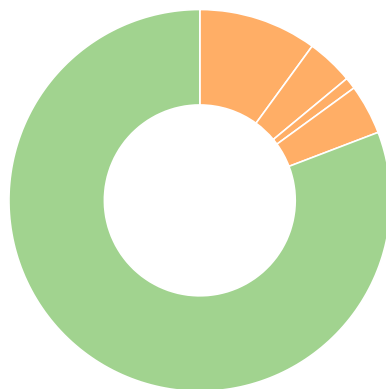
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ASSET ALLOCATION



Inflation	%
Long-dated non-UK inflation-linked bonds	11.3
Gold and precious metals exposure	7.1
Long-dated UK inflation-linked bonds	4.3
Protection	%
Short-dated nominal bonds	45.1
Cash	9.4
Credit and derivative strategies	-2.9
Growth	%
Financials equities	4.6
Consumer staples equities	3.8
Energy equities	3.3
Healthcare equities	3.0
Other equities	9.1
Commodity exposure	2.0

CURRENCY ALLOCATION



Currency allocation	%
Sterling	80.8
Yen	10.0
US dollar	4.0
Euro	1.0
Other	4.2
Geographical equity allocation	%
UK equities	7.9
North America equities	6.0
Europe equities	5.2
Asia ex-Japan equities	4.3
Other equities	0.3

5 LARGEST EQUITY HOLDINGS

Stock	% of fund
iShares MSCI China A UCITS ETF	2.8
BP	2.3
Cigna	1.3
Alibaba Group ADR	1.1
Amazon	1.0

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 June 2024, assets managed by the Ruffer Group exceeded £21.2bn.



FUND SIZE £1,552.5M

FUND INFORMATION

Annual management charge %	1.1	
Minimum investment (or equivalent in other currency)	£1,000	
Ongoing Charges Figure %	1.12	
Dealing frequency	Daily	
Valuation point	12:00	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Investment manager	Ruffer LLP	
Depository	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
C GBP acc	GB00BMWLQT53	BMWLQT5
C GBP inc	GB00BMWLQS47	BMWLQS4

ENQUIRIES

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FUND TEAM



Duncan MacInnes

FUND MANAGER

Joined Ruffer in 2012. He graduated from the University of Glasgow School of Law in 2007 and spent four years working at Barclays in Glasgow, London and Singapore. He is a CFA charterholder and co-manager of two of Ruffer's flagship funds.



Ian Rees

FUND MANAGER

Joined Ruffer in 2012, after graduating from the University of Bath with an honours degree in economics. He is a CFA charterholder and co-manager of three of Ruffer's flagship funds.



Jasmine Yeo

FUND MANAGER

Joined Ruffer in 2017, having graduated with a degree from Warwick Business School. She is a member of the CISI, and co-manager of two of Ruffer's flagship funds and Ruffer's investment trust.



Gemma Cairns Smith

FUND SPECIALIST

Joined Ruffer in 2020 as part of the graduate programme. She holds a first class degree in land economy from the University of Cambridge and is a CFA charterholder.

GLOSSARY

Volatility measures the extent to which returns vary over a given period. High volatility means returns have been more variable over time

Duration measures the sensitivity of a bond or fixed income portfolio's price to changes in interest rates. The higher the duration, the more sensitive the price or portfolio is to changes in interest rates

UK Bank Rate the rate the Bank of England charges banks and financial institutions for loans with a maturity of one day

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