

# WS Ruffer Diversified Return Fund

SHARE PRICE PERFORMANCE SINCE LAUNCH ON 15 SEPTEMBER 2021



The fund fell back marginally over the month as equity markets continued to move higher, albeit in increasingly narrow fashion. The S&P 500 was up 4% over the last month, whilst the same index equal-weighted was down by 1%, this is illustrative of a world of fewer winners and more losers. There is an adage that when markets are broad, they are strong, but when they are narrow, they are weak.

Over the past nine months we have managed to maintain a level of protection in portfolios we believe will be essential when market conditions deteriorate. But in contrast to the second quarter of last year, the growth assets have contributed to ensure that the fund isn't retreating in the intervening period. This has been driven by proactive portfolio adjustments. Adding duration in the fourth quarter gave us a positive year end; an increased equity weighting and dynamic management of the portfolio's commodity exposure have supported returns this year.

There is something of a dichotomy at play in markets; many investors express concerns but these are not yet reflected in their positioning. In a recent Bank of America Fund Manager survey 69% of respondents consider the 'Magnificent 7' to be the most crowded trade in markets, meanwhile about half of those respondents expect large-cap US growth stocks (dominated by the same seven names) to lead the market higher. There is no telling how much crossover there was from individual respondents, but it indicates a market displaying both uncertainty and great confidence in a benign outcome, given the level of valuations. This is a potentially dangerous combination, particularly when positioning is increasingly extreme in nature (and when leverage is involved).

Our predominant contention in the short term is that investor positioning is yet to adjust to reflect higher risk-free rates. Investors are currently paid more than 5% to not take risk. Meanwhile, risk premiums (the additional return an investor should receive for coming out of cash) are low, particularly in the US. It might be the case that conditions remain benign, but the potential upside of that outcome is limited. This informs our continued focus on ensuring that the portfolio is well positioned to make money should the certainties break and take advantage of the opportunities any sell-off presents.

The yen remains a key protection; we see many reasons for the yen to strengthen, but key to its role in the portfolio is that if the yen is strengthening it is likely to be against a backdrop of financial stress. Credit spreads give us exposure should the current compressed nature of risk premiums reverse. If liquidity is less readily available, a significant re-pricing of corporate debt is likely. We must also remain conscious of the need to participate should the current benign environment persist; the combination of a 25% allocation to equities, a recently increased position in oil plus exposure to gold mining equities, should allow us to participate, but without compromising our capital preservation mandate.

## I CLASS JUNE 2024

	GBP
Performance I acc %	
June	-0.2
Year to date	-0.2
1 year	1.8
3 years pa	—
5 years pa	—
10 years pa	—
Since inception pa	0.4
Share price, p	
I GBP acc	101.07
I GBP inc	97.62
Dividend yield	1.32
	<b>Net</b>
Duration (years)	2.8
Equity exposure %	21.3
	<b>Gross</b>

## 12 month performance to 30 June 2024

%	2020	2021	2022	2023	2024
RDRF I acc	—	—	—	-2.5	1.8
UK Bank Rate	—	—	—	3.2	5.2

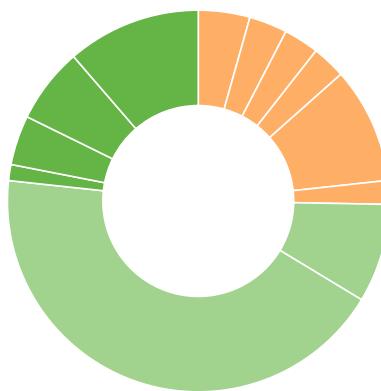
One to twelve month performance figures are cumulative, all others are annualised. Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund's prospectus. Ruffer performance is shown after deduction of all fees and management charges, and on the basis of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

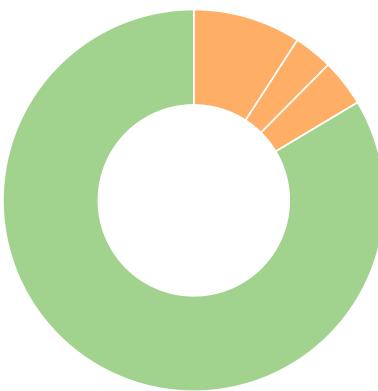
To seek to achieve positive returns in all market conditions over any 12 month period, after all costs and charges have been taken. Underlying this objective is a fundamental philosophy of capital preservation. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any one or a number of 12 month periods.

# WS Ruffer Diversified Return Fund 30 Jun 24

## ASSET ALLOCATION



## CURRENCY ALLOCATION



Inflation protection	%
Non-UK inflation-linked bonds long-dated	11.7
Gold and precious metals exposure	7.4
UK inflation-linked bonds long-dated	4.3
UK inflation-linked bonds short-dated	1.4
Sell-off protection	
Short-dated nominal bonds	44.4
Cash	8.6
Credit and derivative strategies	-3.0
Economic growth	
Financials equities	4.5
Consumer staples equities	3.3
Energy equities	3.1
Consumer discretionary equities	2.9
Other equities	9.3
Commodity exposure	2.1

Currency allocation	%
Sterling	83.6
Yen	9.1
US dollar	3.3
Other	4.0
Geographical equity allocation	%
UK equities	7.3
North America equities	6.0
Europe equities	5.2
Asia ex-Japan equities	4.4
Other equities	0.3

## 5 LARGEST EQUITY HOLDINGS

Stock	% of fund
iShares MSCI China A UCITS ETF	2.8
BP	2.2
Cigna	1.2
Amazon	1.1
Alibaba Group ADR	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 31 May 2024, assets managed by the Ruffer Group exceeded £21.8bn.



FUND SIZE £1,552.8M

## FUND INFORMATION

Annual management charge %	0.9	
Minimum investment (or equivalent in other currency)	£50m	
Ongoing Charges Figure %	0.92	
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
I GBP acc	GB00BMWQW82	BMWQW8
I GBP inc	GB00BMWQV75	BMWQV7

## ENQUIRIES

Ruffer LLP  
80 Victoria Street  
London SW1E 5JL  
rif@ruffer.co.uk  
+44 (0)20 7963 8218  
[ruffer.co.uk/rdrf](http://ruffer.co.uk/rdrf)

## DEALING LINE

0345 601 9610

## 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.

## DISCLAIMER

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.

The fund's prospectus and key investor information documents are provided in English and available on request or from [ruffer.co.uk/rdrf](http://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.

## 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

