

# LF Ruffer Diversified Return Fund

Positive absolute returns with low volatility

Might discretion be the better part of valour? So far this year it seems not. Taking a cautious view on markets for the first five months of 2023 has proved a painful experience. The fund, with its focus on protection assets, is down by about 6% this year, giving back broadly what we made last year as markets tumbled.

Losing money for clients is always painful, but we have been here before. For more than a quarter of a century now, Ruffer has protected investors from every major market crisis. In order to achieve this, however, we have at times delivered dull or disappointing short-term performance. Losing money in 1999 in the tech bubble, flatlining in the easy markets of 2006-2007 and struggling in the run up to the covid crisis. Strikingly, each of our disappointing periods has come before a sharp decline in stock markets, as we focused portfolios more on protection than growth, albeit often seemingly too early. We have been willing to sit on the sidelines as we wait for the problems we have identified to manifest themselves, even if that means suffering the costs of holding protection with progressively less on the growth side of the ledger as an offset.

We are where we are for a reason. With a 5.25% risk free return available in US money market funds, cash has only been such an attractive alternative to equities twice this century: in 2000, during the tech bubble and in 2007, just before the financial crisis. Neither period ended well for investors, and we fear a similar outcome could be lying in wait for markets now. Even more worrying is what happened after these crises. In both 2000 and 2008 markets were immediately 'medicated' by dramatic interest rate cuts. Today, a similar rescue may be difficult. With inflation more persistent than promised, central bankers would have to choose between monetary stability (fighting inflation) or financial stability (supporting markets). Add into this worrying picture a TMT-like boom concentrated in just a few US stocks (year to date the unweighted S&P 500 is actually down in price terms).

All of this points to an emphasis on protection rather than growth, though as ever we aim for an appropriate balance of 'fear' and 'greed' so as to make time our friend. We are confident our protection assets will more than prove their worth and whilst timing is always difficult, we would always choose being too early over being too late. This year, however, it has more been our focus on commodities for our growth exposure that has failed to offset the costs of holding protection.

For us, this certainly looks like a situation where 'discretion' should still prove to be the better part of 'valour'. Taking a cautious view so far this year has been painful, but we think the evidence suggests caution may win out.

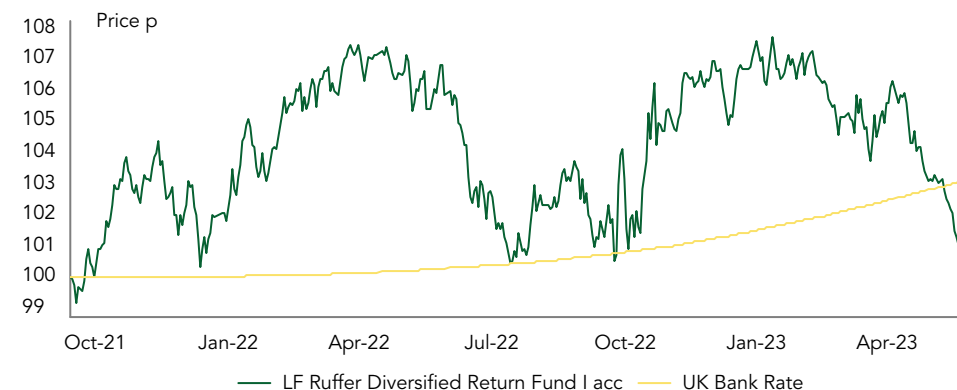


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## Investment objective

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.

## Performance since fund launch on 15 September 2021



I accumulation shares	Performance %	Share price as at 31 May 2023	p
May 2023	-3.1	I accumulation	100.27
Year to date	-6.3	I income	98.15
1 year	-6.1		

12 month performance to March %	2023
LF Ruffer Diversified Return Fund I acc	-2.0
UK Bank Rate	2.3

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.

# LF Ruffer Diversified Return Fund as at 31 May 2023

## Asset allocation



Asset allocation	%
Short-dated bonds	40.1
Non-UK index-linked	12.6
Cash	9.3
Gold exposure and gold equities	6.0
Long-dated index-linked gilts	6.0
Index-linked gilts	3.2
Protection strategies and options	-0.4
Commodity exposure	8.0
North America equities	4.6
UK equities	3.2
Europe equities	2.7
Asia ex-Japan equities	2.1
Japan equities	2.1
Other equities	0.5

Currency allocation	%
Sterling	68.4
Yen	15.2
US dollar	6.9
Australian dollar	4.0
Euro	1.9
Other	3.6

## Currency allocation



## 10 largest equity holdings

Stock	% of fund
iShares MSCI EM Asia UCITS ETF	1.2
Agnico Eagle Mines	0.7
Bayer AG	0.6
Mitsubishi Electric	0.6
Taiwan Semiconductor Manufacturing Co	0.5
NEC	0.5
BP	0.5
Ambev SA	0.5
Unilever	0.4
Sony	0.4

## 5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Oct 2024	7.2
US Treasury FRN 31 Jan 2024	6.5
US Treasury 0.625% TIPS 2026	4.0
US Treasury 0.125% TIPS 2052	3.7
Japanese govt bonds 0.005% 1 Jun 2024	3.6

Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

Fund size £2,148.7m

## Fund information

Ongoing Charges Figure (capped)	0.92
Annual management charge	0.90
Yield (historic)	2.05
Minimum investment	£50,000,000
Ex dividend dates	15 Mar, 15 Sep
Pay dates	15 May, 15 Nov
Dealing frequency	Daily
Valuation point	12:00
ISIN	Accumulation: GB00BMWQLQW82, Income: GB00BMWQLQV75
SEDOL	BMWQLQW8, BMWLQV7
Investment manager	Ruffer LLP
Auditors	Ernst & Young LLP
Authorised Corporate Director	Link Fund Solutions
Depository	The Bank of New York Mellon (International) Limited
Structure	Sub-fund of LF Ruffer Managed Funds (OEIC) UK domiciled UCITS Eligible for ISAs

Dealing line 0345 601 9610

## Enquiries

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## Fund Managers

### Duncan MacInnes

INVESTMENT DIRECTOR

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

INVESTMENT DIRECTOR

Joined Ruffer in 2012, after graduating from the University of Bath with an honours degree in economics. He spent 2017 in Ruffer's Hong Kong office working as an equity analyst covering emerging markets, and is a CFA charterholder.



## Fund Specialist

### Jasmine Yeo

INVESTMENT MANAGER

Joined Ruffer in 2017, having graduated with a degree from Warwick Business School. She is a member of the CISI, following completion of the CISI Masters in Wealth Management. She has managed private client portfolios and now works with wealth managers and advisors as part of Ruffer's UK wholesale team. She is co-manager of one of Ruffer's flagship funds.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 April 2023, assets managed by the Ruffer Group exceeded £26.0bn.

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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. Please note that LF Ruffer Managed Funds is a UK UCITS. The LF Ruffer Diversified Return Fund 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 LF 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.