

# WS Ruffer Diversified Return Fund

SHARE PRICE PERFORMANCE SINCE LAUNCH ON 15 SEPTEMBER 2021



Global asset markets started the year almost unanimously priced for a perfect soft landing, following the strong rally in both equities and bonds into the year end. This left scope for disappointment in January if either assumption of early interest rate cuts or steady growth were dialled back. In the end it was bonds that gave way as doubts emerged over the speed of likely US rate cuts, whilst equities in aggregate continued to make gains. Tensions in the Middle East remained high, leading to the oil price rising 6% and freight costs rising sharply to more than double the post-covid low seen in October. As yet this has had no impact on inflation expectations, with markets now convinced that this dragon has been slain.

The backup in bond yields, especially in the UK, meant that our remaining holding in long-duration UK inflation-linked bonds was a drag on performance. Having chosen to add risk into portfolios through a significant increase in bond duration in the final quarter of 2023, we took the profits on this position by the year end, adding instead to our net equity exposure this month, in light of continued US economic resilience. We believed yields had fallen too far, too fast, given our concerns over the likely stickiness and volatility of inflation, and so started this year with just a core holding in UK inflation-linked bonds. This was the largest detractor to performance in the month, but we see this as temporary volatility in a core element of our long-term inflation protections. Gold and gold equities also fell back in January.

Global equities were positive overall in January, with the S&P 500 hitting an all-time high during the month. However, it is worth remembering this merely constitutes a recovery from the 2022 bear market, with equities still broadly flat over the last two years and in our view does little to support the current, almost euphoric, levels of stock market positioning. Once again, as we saw last year, equity gains in January remained narrowly based. The S&P 500 rose 1.7% in the month, but the equal weighted version was in negative territory. There has also been what might be considered a worrying concentration of performance within the dominant mega-cap tech stocks. NVIDIA and Meta recorded double digit gains, but Tesla fell 20%, and Apple and Alphabet were flat to down. Elsewhere, investors continued to shun value, with the cheapest markets (China, emerging markets and the UK) all down on the month. For us, the UK appears anomalously undervalued while China now seems to be pricing in despair.

Overall, the big questions for investors remain unresolved. Most equity markets have now recovered their 2022 losses and are increasingly priced on the assumption that inflation will fall to target and stay there, without a decline in profit margins or economic growth. Bond markets appear to be more realistically pricing in a regime of higher interest rates, even if they show periods of over optimism. Has the Fed 'put' now been restored, with the central bank free to cut rates if growth falters, or will sticky and volatile inflation leave them facing more difficult choices? In other words, are equities and bonds still positively correlated or have we returned to the 'Goldilocks' conditions of the pre-covid era? We remain unconvinced that inflation has vanished for good and that there will be no lasting impact from higher interest rates. Therefore protection remains key to the Ruffer portfolio.

## C CLASS JANUARY 2024

Performance C acc %	GBP	
January	-2.4	
Year to date	-2.4	
1 year	-7.2	
3 years pa	-	
5 years pa	-	
10 years pa	-	
Since inception pa	-0.7	
<b>Share price, p</b>		
C GBP acc	98.40	
C GBP inc	95.93	
Dividend yield	1.77	
	<b>Net</b>	<b>Gross</b>
Duration (years)	2.4	2.6
Equity exposure %	21.0	16.9

## 12 month performance to 31 December 2023

%	2019	2020	2021	2022	2023
RDRF C acc	-	-	-	5.0	-5.6
UK Bank Rate	-	-	-	1.5	4.7

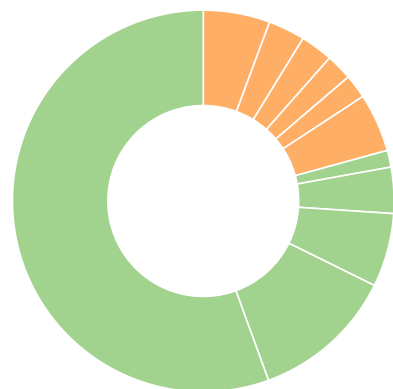
One to twelve month performance figures are cumulative, all others are annualised. Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund's prospectus. Ruffer performance is shown after deduction of all fees and management charges, and on the basis of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

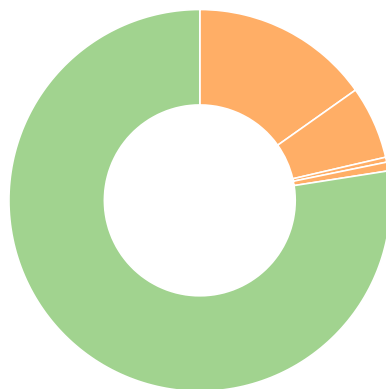
# WS Ruffer Diversified Return Fund 31 Jan 24

## ASSET ALLOCATION



Asset allocation	%
Short-dated bonds	55.6
Cash	12.2
Long-dated index-linked gilts	6.2
Gold exposure and gold equities	3.9
Index-linked gilts	1.4
Credit and derivative strategies	-1.9
Commodity exposure	5.7
Consumer discretionary equities	3.1
Energy equities	2.7
Financials equities	2.2
Consumer staples equities	2.0
Other equities	6.8

## CURRENCY ALLOCATION



Currency allocation	%
Sterling	77.5
Yen	15.2
US dollar	6.2
Euro	0.4
Other	0.7

Geographical equity allocation	%
North America equities	4.8
UK equities	4.4
Asia ex-Japan equities	4.2
Europe equities	3.1
Other equities	0.5

## 5 LARGEST EQUITY HOLDINGS

Stock	% of fund
BP	2.0
iShares MSCI China A UCITS ETF	1.6
Alibaba Group ADR	1.0
Cigna	0.8
TSMC ADR	0.7

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 December 2023, assets managed by the Ruffer Group exceeded £23.7bn.



**FUND SIZE £1,870.6M**

## 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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## DEALING LINE

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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.

## 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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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.

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