

LF Ruffer Diversified Return Fund

Positive absolute returns with low volatility

During May, the fund price rose from 106.49p to 106.83p. This compared with a return on the UK Bank Rate of 0.1%.

Inflation concerns were overtaken by those of growing recession risk during the month and therefore our inflation sensitive gold exposure and index-linked gilt holdings cost the portfolio 0.8% and 1.9% respectively. Payer swaptions continued to play a vital role in hedging the portfolio interest rate exposure and contributed 0.6%. A significant positive performance contribution came from energy stocks (+0.7%).

The carnage in the long-dated inflation-linked bond market should not be understated. The 2073 index-linked bond is down 54% from its November 2021 all-time high, falling 22% in May alone. We have long called these assets the 'crown jewels' due to our conviction that they should provide the perfect protection against the world of financial repression we are entering. This remains the case but the sensitivity to rising rates we have warned about has now been felt. This illustrates the distinction we have been labouring; investing for inflation and investing for inflation volatility are not the same thing and conflating the two will be costly. Mr Market will make us crawl through fire for the gift of redemption and derivative protection via the unconventional toolkit remains essential to navigate choppy and dangerous markets. Inflation-linked bonds are now back to pre-Brexit prices - and yet in our assessment the likelihood and proximity of the inflationary denouement is much greater. We believe they offer exceptional asymmetry and we have been buying.

This month saw the UK chancellor impose a windfall tax on energy companies. Setting aside the dubious logic of windfall taxes, the reaction of the stocks was to rise. Ultimately, the setup for companies like BP and Shell is attractive because supply has been constrained due to a combination of a capital cycle and, lately, geopolitical sanctions. This energy crisis is a supply issue that requires supply side solutions. A windfall tax will do little to address the underlying problems, and will perpetuate the supply/demand mismatch which is creating their super-normal profits in the first place. However, crucially, it polls well at a time of popular unrest.

A key question for investors has been whether to buy the dip. The Nasdaq is down 29% from its November 2021 high but we are not convinced that value has emerged. We have only nibbled on equities, more in the pursuit of portfolio balance, than it is bullishness - adding to Japan, Meta and US Housebuilders. The bear market is only beginning to grizzle, the FTSE All-World TR is down only 6% this year. Given the cross-currents in markets and the economy, the short-term is foggy. We must not lose sight of the long-term inflationary dynamics that continue to build and risk eviscerating savers.

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.

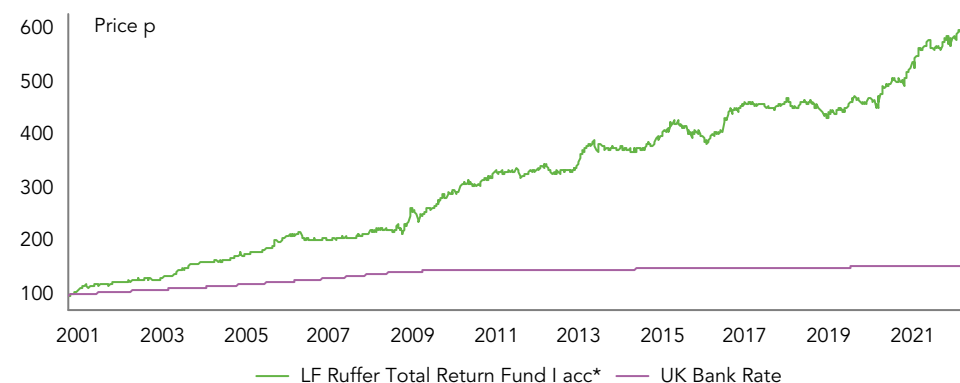


I class May 2022 Issue 9

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 based on LF Ruffer Total Return Fund* since launch on 29 Sep 2000



*All figures refer to simulated past performance based on the actual performance of the LF Ruffer Total Return Fund and include reinvested income.

I accumulation shares*	Performance %	Share price as at 31 May 2022	p
May 2022	0.4	I accumulation	106.83
Year to date	4.1	I income	106.67
1 year	3.6		
3 years	34.0		
5 years	30.3		
10 years	81.5		

12 month performance to March %	2018	2019	2020	2021	2022
LF Ruffer Total Return Fund I acc*	-1.2	-0.6	4.2	20.5	6.3
UK Bank Rate	0.4	0.7	0.7	0.1	0.2

Source: Ruffer LLP. Current UK regulations require that any information provided on past performance must be based on, and show complete 12 month periods, starting after the first complete calendar quarter. Therefore the performance charts and other relevant performance data will be provided after 30 September 2022. As such, the performance chart is that of the existing fund, LF Ruffer Total Return Fund, whereas the share price laid out above is of LF Ruffer Diversified Return Fund. Ruffer performance is shown in GBP after deduction of all fees and management charges, and on the basis of income being reinvested. Calendar quarter data has been used up to the latest quarter end and monthly data thereafter.

LF Ruffer Diversified Return Fund as at 31 May 2022

Asset allocation



Asset allocation %

Index-linked gilts	14.7
Cash	10.5
Long-dated index-linked gilts	9.0
Gold exposure and gold equities	8.9
Short-dated bonds	8.8
Non-UK index-linked	8.1
Options	2.6
North America equities	12.3
UK equities	10.0
Japan equities	8.3
Europe equities	5.6
Asia ex-Japan equities	0.4
Other equities	0.7

Currency allocation %

Sterling	65.9
US dollar	9.4
Yen	8.6
Australian dollar	5.7
Euro	4.5
Other	5.9

Currency allocation



10 largest equity holdings

Stock	% of fund
BP	2.8
Cigna	1.7
Vodafone Group	1.1
American Express	1.1
UniCredit	1.0
Shell	1.0
Mitsubishi UFJ Financial Group	1.0
GlaxoSmithKline	0.8
Volkswagen	0.8
Charles Schwab	0.8

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	6.3
UK Treasury index-linked 0.125% 2024	5.3
UK Treasury 0.125% 2023	3.7
US Treasury 0.625% TIPS 2023	3.6
UK Treasury index-linked 0.125% 2068	3.3

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

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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. 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.

Fund size £872.7m

Fund information

Ongoing Charges Figure (capped)	0.93
Annual management charge	0.90
Yield (historic)	0.00
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 BMWQLQV7
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

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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.



Rachel Holdsworth

FUND SPECIALIST

Joined Ruffer in 2013 after graduating from Oxford University with a first class honours degree in biological sciences. She is a member of the Chartered Institute for Securities & Investment.

Ruffer LLP

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