

TM Ruffer Portfolio

Positive returns with low volatility

During July, the fund price rose from 99.01p to 99.93p.

In June almost all asset classes posted a negative return in the face of a surprise increase in the US inflation rate (US CPI rose from 8.3% to 8.6%) and the prospect of increased monetary tightening by the US Federal Reserve. In July, risk appetite roared back even as inflation increased again, from 8.6% to 9.1%, and the US Federal Reserve increased interest rates by 0.75% for the second month in a row. The fund was broadly flat on the month, its defensive positioning articulated in last month's factsheet holding it back. Underneath the surface, performance contributions from the fund's equity exposure (+0.5%) and UK long-dated index-linked bonds (+1.4%) were offset by the unconventional protections (-1.3%) and gold exposure (-0.1%).

What explains the positive market out-turns in a month which, according to Deutsche Bank, saw one of the steepest quarter-on-quarter declines in underlying company earnings in the last decade? We are back in the territory of bad news being good news for equity and bond markets. Over the last few months, investor expectations have shifted from stagflation risk to recession risk and are now starting to re-price the re-establishment of a Fed 'put' – the moment when the US Federal Reserve will abandon its monetary tightening and focus on growth stabilisation which will either directly or indirectly support equity markets. Interest rate futures now price that the central bank will be cutting interest rates by early next year.

How likely is this outcome? Possible, but not likely. We have been through numerous 'unprecedented' events in the last few years. 'Unprecedented' amounts of peace-time fiscal stimulus in 2020 and 2021, combined with 'unprecedented' monetary policy; but it would be truly unprecedented to slow the economy sufficiently to bring down the highest inflation rate for 40 years with an real policy rate that never goes positive. It would require a much deeper economic slowdown than is implied in 2023 earnings estimates, which have barely budged.

This bear market is not over, and we believe that we are entering its most dangerous phase. Liquidity is being drained from the financial system. Jamie Dannhauser, Ruffer's Economist, covered this in detail in the latest [Green Line](#). The interest rate on US dollar short-dated bonds is now providing a genuine alternative to taking risk. One of the pushbacks to the view that a move lower in equity markets was likely, was the already extremely bearish investor sentiment and positioning. A low-liquidity summer rally, sucking in those who can't afford relative under-performance, should see this box ticked. We have used the last month's moves to reduce direct equity exposure further to try and ensure the portfolio is robust to the risks we see. Capital preservation is at the forefront of our minds.

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.

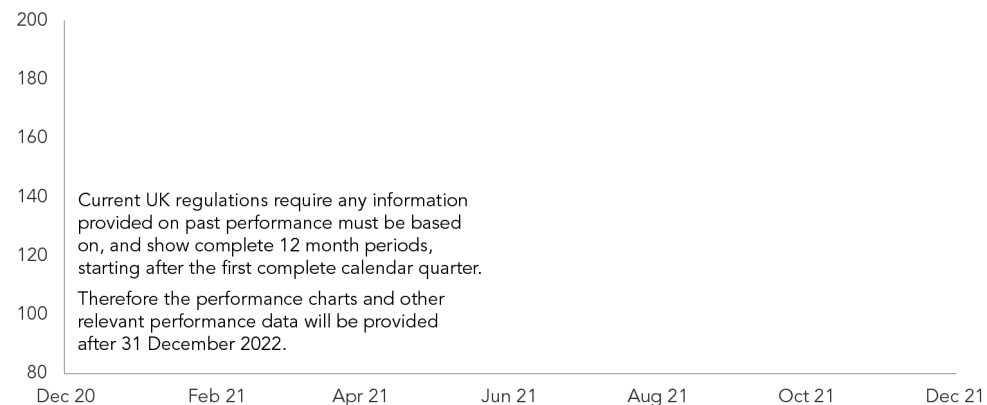


July 2022 Issue 8

Investment objective

To achieve positive returns over a 12 month period, after all costs and charges have been taken, regardless of market conditions. 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 launch



Share price as at 31 July 2022	p
C accumulation	99.93

Source: Ruffer LLP

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TM Ruffer Portfolio as at 31 Jul 2022

Asset allocation



Currency allocation



Asset allocation %

● Credit and derivative strategies	15.9
● Short-dated bonds	13.7
● Non-UK index-linked	13.4
● Index-linked gilts	13.4
● Cash	11.0
● Long-dated index-linked gilts	7.8
● Gold exposure and gold equities	2.7
● Global funds	0.3

● North America equities	6.1
● UK equities	4.9
● Japan equities	4.2
● Europe equities	4.2
● Asia ex-Japan equities	1.6
● Other equities	0.8

Currency allocation %

● Sterling	65.8
● Yen	12.1
● US dollar	10.5
● Australian dollar	5.8
● Euro	1.4
● Other	4.4

10 largest equity holdings*

Stock	% of fund
BP	1.0
Alibaba Group ADR	0.6
Ambev SA	0.6
Mitsubishi UFJ Financial Group	0.5
Swire Pacific	0.5
Sumitomo Mitsui Financial Group	0.5
Resona	0.5
NEC	0.4
Veolia Environnement	0.4
Glencore	0.4

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	8.6
US Treasury 0.625% TIPS 2023	7.7
UK Treasury 0.125% 2023	3.8
UK Treasury index-linked 0.125% 2024	3.8
US Treasury 0.375% TIPS 2023	2.8

*Excludes holdings in pooled funds

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

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 TM Ruffer Portfolio is a UK non-UCITS retail scheme (NURS). The TM Ruffer Portfolio 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 TM Ruffer Portfolio may invest more than 35% of its assets in transferable securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), the Governments of Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Australia, Austria, Brazil, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, LCR Finance plc, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and United States (including Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), Private Export Funding Corporation (PEFCO)) or by one of the following international organisations: African Development Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), the World Bank, Japan Development Bank, European Federal Home Loans, Kreditanstalt fur Wiederaufbau (KfW) and the Nordic Investment Bank (NIB).

Fund size £2,370.6m

Fund information

	%
Ongoing Charges Figure (capped)	1.23
Annual management charge	1.20
Yield	0
Minimum investment	£100,000
Ex dividend dates	30 Jun, 31 Dec
Pay dates	28 Feb, 31 Aug
Dealing frequency	Weekly, every Wednesday where this is a business day Plus the final business day of the month
Valuation point	12.00 each dealing day

	Accumulation	Income
ISIN	GB00BP4DCZ86	GB00BP4DJF75
SEDOL	BP4DCZ8	BP4DJF7

Investment manager	Ruffer LLP
Auditors	Ernst & Young
Authorised Corporate Director	Thesis Unit Trust Management Limited
Depository	Bank of New York Mellon (International) Limited
Structure	Non-UCITS Retail Scheme Investment Funds (OEIC)

Enquiries

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Fund Managers

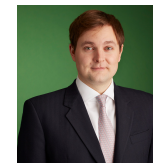
Luka Gakic

HEAD OF UK WEALTH
Joined Ruffer in 2011, after spending four years at Lehman Brothers, and then Nomura, where he worked in equity financing and delta-one sales. Graduated from the University of Oxford in 2006 with a degree in Philosophy, Politics and Economics and is a member of the Chartered Institute for Securities & Investment.



Alexander Chartres

INVESTMENT DIRECTOR
Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He is a member of the Chartered Institute for Securities & Investment and he co-manages two of Ruffer's flagship funds.



Investment Specialist

Kate Forsyth

INVESTMENT MANAGER
Joined Ruffer in 2016, with a degree in Spanish and International Management from the University of Bath. She became a member of the Chartered Institute for Securities & Investment following completion of the CISI Masters in Wealth Management in 2019.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 June 2022, assets managed by the Ruffer Group exceeded £26.0bn.

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