



WS RUFFER DIVERSIFIED RETURN FUND
(Formerly LF Ruffer Diversified Return Fund)

WS RUFFER MANAGED FUNDS
(Formerly LF Ruffer Managed Funds)

Annual report and financial statements
15 September 2023



AUTHORISED CORPORATE DIRECTOR ('ACD')

WAYSTONE MANAGEMENT (UK) LIMITED

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the Financial Conduct Authority)

DIRECTORS OF THE ACD

A.M. Berry
V. Karalekas (appointed 14 July 2023)
T.K. Madigan*
K.J. Midl (appointed 9 October 2023)
C. O'Donnell (resigned 8 December 2022)
E.E. Tracey (appointed 9 October 2023)*
R.E. Wheeler
S.P. White*

INVESTMENT MANAGER

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REGISTRAR

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INDEPENDENT AUDITOR

ERNST & YOUNG LLP

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* Non-Executive Directors of the ACD.

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ACD'S REPORT

for the year ended 15 September 2023

Authorised Status

WS Ruffer Managed Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC046545 and authorised by the Financial Conduct Authority with effect from 6 August 2021. The Company has an unlimited duration.

The Company is a UK UCITS and the base currency of the Company and each sub-fund is pounds sterling.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

ACD's Statement

Economic Uncertainty

Whilst the outbreak of COVID-19 in March 2020 now seems a distant memory, and Russia's incursion into Ukraine in February 2022 remains an unresolved conflict, the consequences of these and other factors continue to be felt in both the domestic and global economy. Significant increases in the prices of energy and commodities have reverberated around the world, leading to many countries seeing inflation rates at levels not seen for many years. To curb the increase in inflation, many nations' central banks have been progressively increasing interest rates, a process which is expected to continue until inflation is brought under control in their respective countries. What is not clear at this time is whether the consequences of these events will culminate in local, or even a global, recession. With this level of economic uncertainty, it is reasonably foreseeable that markets may see further periods of instability and, consequently, volatility in asset pricing.

Important Information

The following changes became effective on the LF Ruffer Diversified Return Fund from 14 December 2022:

- Hedged share classes have been launched but these are currently unavailable.
- The minimum initial lump sum investment and holding for Class S shares was increased to £300,000,000 and £100,000,000 respectively.
- The inclusion of wording detailing the sub-fund of the Company approach to using VaR for derivatives purposes.

With effect from 29 August 2023, the F share class, I share class and the C share class had the Ongoing Charges Figure (OCF) cap removed.

ACD'S REPORT continued

Important Information continued

With effect from 9 October 2023, the following changes occurred:

- The ACD of the Company changed to Waystone Management (UK) Limited ('WMUK');
- In addition to the sub-fund's name change with 'WS' replacing 'LF', the Company name changed to WS Ruffer Managed Funds;
- The head office and registered office of the Company changed to 2nd floor, 20-22 Bedford Row, Holborn, London WC1R 4EB; and
- The website for the publication of prices, and obtaining documents of the sub-fund of the Company changed to www.waystone.com.

Remuneration Disclosure

On 9 October 2023, i.e. after the accounting period for which these report and accounts are being prepared, the ACD of the Company changed. These report and accounts are being produced by the Company's current ACD and the disclosures below relate to the most recent period for which audited information in respect of the current ACD is available, being the year ended 31 December 2022.

Investors' attention is drawn to the following:

1. The remuneration arising in respect of the accounting period for which these report and accounts are being prepared related to the Company's previous ACD. We understand that the previous ACD discloses information in respect of that remuneration on its website.
2. The change of ACD was part of a wider corporate transaction whereby substantially all the previous ACD's funds were transferred to the current ACD. As a result circa £83 billion of funds under management were transferred to the current ACD. The effects of this transaction in terms of remuneration will be reported to investors in due course once more recent audited accounts for the current ACD are available.

REMUNERATION

The ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive.

The fixed remuneration paid by the ACD to its staff in respect of all funds that it manages in the year ended 31 December 2022 was £823,929 and was shared amongst 12 members of staff (31.12.21: £751,344; 12 members of staff). The fixed remuneration paid by the ACD to the Remuneration Code Staff for the year ended 31 December 2022 was £292,500, shared amongst 3 employees. All 12 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company.

ACD'S REPORT continued

Securities Financing Transactions

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

Task Force on Climate-related Financial Disclosures ('TCFD')

In accordance with current Financial Conduct Authority rules, the ACD is required to publish its own TCFD report and that of each fund. The report can be found at TCFD Reporting (fundsolutions.net/tcfd-reporting) and the report of the sub-fund of the Company can be found at www.fundsolutions.net/uk/ruffer-llp/ws-ruffer-managed-funds/tcfd-reporting/.

Prior to accessing the report of the sub-fund of the Company there is a link to the 'TCFD Reporting Guide' which provides an explanation of the TCFD report.

Value Assessment

In accordance with current Financial Conduct Authority rules, the ACD is required to carry out an annual assessment on whether the Company provides value to investors. The outcome of the latest assessment is available on the ACD's website.

WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Ruffer Managed Funds

12 January 2024

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

K.J. MIDL

WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Ruffer Managed Funds
12 January 2024

STATEMENT OF ACD'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook published by the Financial Conduct Authority ('the COLL Sourcebook') requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company, comprising its sub-fund, and of the net revenue/expense and net capital gains/losses on the property of the Company's sub-fund for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Company or its sub-fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Sourcebook.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the ACD, which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

Depositary of WS Ruffer Managed Funds

12 January 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WS RUFFER MANAGED FUNDS

Opinion

We have audited the financial statements of WS Ruffer Managed Funds ('the Company') comprising its sub-fund for the year ended 15 September 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company set out on pages 37 to 40, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising its sub-fund as at 15 September 2023 and of the net revenue and the net capital losses on the scheme property of the Company comprising its sub-fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ('the ACD') use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WS RUFFER MANAGED FUNDS continued

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WS RUFFER MANAGED FUNDS continued

Responsibilities of Authorised Corporate Director (ACD)

As explained more fully in the ACD's Responsibilities Statement set out on page 7, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to What Extent the Audit Was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Investment Management Association Statement of Recommended Practice (the 'IMA SORP'), the FCA Collective Investment Schemes Sourcebook, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrator. We corroborated our enquiries through our review of the Company's documented policies and procedures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WS RUFFER MANAGED FUNDS continued

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting by the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

Use of Our Report

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ERNST & YOUNG LLP

Statutory Auditor
Edinburgh
12 January 2024

WS RUFFER DIVERSIFIED RETURN FUND ACD'S REPORT

for the year ended 15 September 2023

Important Information

Refer to the 'Important Information' section on pages 3 and 4.

Investment Objective and Policy

The investment objective of the WS Ruffer Diversified Return Fund ('the Fund') is 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 twelve-month periods.

The Fund's investment policy is to invest both directly and indirectly in the following asset classes: equities (including equity related securities), debt instruments (including government and public securities, corporate bonds, distressed debt and private debt), money market instruments, deposits and cash and indirectly only in alternative investments (such as property and commodities such as precious metals). As part of the equity exposure, the Fund may invest in Investment Trusts.

The Fund may gain exposure to these asset classes directly by investing in securities issued by companies and governments, and indirectly by investing in other permissible transferable securities and collective investment schemes (both open and closed ended) and derivatives. Indirect investments may include instruments managed or advised by the ACD or the Investment Manager or their associates. Exposure to alternative assets will be through indirect investments only.

Investments in open-ended collective investment schemes is limited to 10% of total assets by value.

The Fund can invest across different geographic areas (including emerging markets), industry sectors and market capitalisations without limitation.

Derivatives may be used for both investment and efficient portfolio management purposes, including hedging. Derivative usage may be used to indirectly gain exposure to currencies, interest rates, and volatility markets but otherwise will be limited to contracts relating to the asset classes noted above. This may include structured products, a type of investment where the return depends on the performance of a specific financial market or specific asset(s).

There is no limit on the amount that can be held in each asset class. The Fund may not retain exposure to all asset classes at all times.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

Benchmark

The Fund's comparator benchmark is the UK Bank Rate.

The Fund's performance may be compared against the following benchmark (referred to as a 'comparator benchmark'): UK Bank Rate. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers it may assist investors in evaluating the Fund's performance.

WAYSTONE MANAGEMENT (UK) LIMITED

ACD of WS Ruffer Diversified Return Fund
12 January 2024

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

INVESTMENT MANAGER'S REPORT

for the year ended 15 September 2023

The share price of the C Accumulation Shares of the Fund fell by 1.6% between 15 September 2022 and 15 September 2023. This compared with a return on the UK Bank Rate of 4.1.

Fund performance overall for the 12-month period under review may have been slightly negative, but this masks two very different periods of performance from the Ruffer portfolio. We made good gains between September 2022 and March 2023 as both bond and equity markets continued to struggle and our cautious stance, with its emphasis on protection assets, delivered for our investors. However, for most of 2023, 'discretion' has very much not proved the better part of 'valour'. Equity markets have delivered positive returns, albeit driven by a very narrow set of stocks, and the cautious positioning and protection assets that were so beneficial through the dark days of 2022 have proved costly this year. The result being that the Fund has disappointingly fallen back by a little more than we made in the previous six months and failed to beat the return on cash for the period as a whole.

The period began with a sharp sell-off in global bond markets in September and early October 2022, with UK gilts in particular hit hard during Liz Truss's short tenure as prime minister. The yield on the 30-year gilt rose 140bps in just a few days as UK corporate defined benefit pension schemes struggled to meet collateral calls from their LDI portfolios. Whilst the Fund's index-linked bond allocation consequently suffered, overall performance was protected by options and other unconventional assets. This helped the Fund preserve capital in stressed markets and stand ready to deploy that capital. This is consistent with how we have built our long-term track record – capital preservation in times of crisis followed by the allocation of this preserved capital at the most opportune moments. We added to the longest-dated index-linked bonds in the UK, during the most acute phase of selling pressure, and were able to quickly take profits on this holding as prices rapidly recovered.

By the end of October a relief rally in almost all risk assets began as the first signs that we might be past the peak of the current inflationary episode became visible, with US CPI coming in at 'merely' +7.1%¹. The Fund participated in this rally thanks to substantial asset allocation changes through the fourth quarter of 2022. At the start of the period under review, the Fund had a very low exposure to both duration (bonds) and equities, reflecting our structural views on the challenging outlook for risk assets. But by the end of September a lot of bad news was priced into equities and especially into bonds. So we cut back our equity protection and added to long duration UK and US inflation-linked bonds, with the latter trading at real yields of nearly 2%. Pivoting away from our structural views in reflection of prevailing prices allowed the portfolio to deliver positive returns even as the market backdrop altered dramatically.

So much for the good news. The second half of the period under review has been much more difficult for the portfolio. Taking a cautious view on markets over the last six months has proved a painful experience and the Fund, with its focus on protection assets, has declined by a little more than we made in the first six months.

¹ US Bureau of Labor Statistics.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

INVESTMENT MANAGER'S REPORT continued

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 2006-7 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 side-lines 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.

The portfolio is where it is for a reason. With more than a five percent 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).

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. Whilst we acknowledge that in the short term we have not got the balance in the portfolio between fear and greed right, we are confident that our protection assets will more than prove their worth. Timing is always difficult, but we would always choose being too early over being too late.

The protections in the portfolio are three-fold. Structural protection against a new regime which is likely to be characterised by higher and more volatile inflation; shorter-term (and powerful) protection against the potential financial instability caused by tighter liquidity and higher interest rates; and protection against a recession that could well follow. Within these protection assets there were three principal detractors to performance over the last six months: sterling strength, particularly against the yen; options and protective strategies; and inflation-linked bonds. All of these we believe could reverse sharply in a market dislocation, more than recovering the recent disappointing performance.

For the moment, investors seem to be growing in confidence that policy makers will be able to successfully navigate the narrow tightrope of stability. We are less convinced. Taking a cautious view can be painful, but history tells us that not long after these periods, the risks emerge, leading to significant drawdowns in markets.

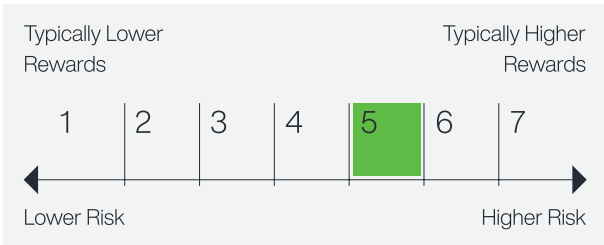
RUFFER LLP

Investment Manager

29 September 2023

WS RUFFER DIVERSIFIED RETURN FUND
ACD’S REPORT continued
FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund’s returns have varied. It is a measure of a fund’s volatility. As the Fund has less than 5 years’ price history, this calculation incorporates the volatility of an appropriate benchmark index. The higher a fund’s past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 5 because its volatility has been measured as above average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

Currency Risk: As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

Counterparty Risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Derivatives Risk: A derivative may not perform as expected and may create losses greater than its cost.

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

Changes in Interest Rate Risk: A rise in interest rates generally cause bond prices to fall.

Credit Risk: The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

Liquidity Risk: The Fund may invest in assets where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

Alternative Investment Risk: The Fund may invest in other investment vehicles to gain indirect exposure to alternative assets such as property and precious metals. Exposure to such investments can involve a higher degree of risk that may increase the risk of investment loss. The performance of such vehicles can be volatile and there is a risk that investors may experience a delay in receiving redemption proceeds.

For full details of the Fund’s risks, please see the Prospectus which may be obtained upon application and can be found on the ACD’s website, www.waystone.com.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables

C INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	100.26	100.00
Return before operating charges*	(0.57)	2.47
Operating charges	(1.14)	(1.22)
Return after operating charges	(1.71)	1.25
Distributions	(1.73)	(0.99)
Closing net asset value per share	96.82	100.26
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(1.71)%	1.25%
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OTHER INFORMATION

Closing net asset value (£'000)	3,065	3,636
Closing number of shares	3,165,416	3,626,289
Operating charges ³	1.12%	1.13% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	106.57	107.31
Lowest share price	96.07	99.22

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 1.13%. This agreement removed from 29 August 2023.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

C ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	101.11	100.00
Return before operating charges*	(0.64)	2.33
Operating charges	(1.15)	(1.22)
Return after operating charges	(1.79)	1.11
Distributions	(1.74)	(0.90)
Retained distributions on accumulation shares	1.74	0.90
Closing net asset value per share	99.32	101.11
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(1.77)%	1.11%
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OTHER INFORMATION

Closing net asset value (£'000)	40,203	50,920
Closing number of shares	40,479,093	50,360,060
Operating charges ³	1.12%	1.13% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	107.47	107.34
Lowest share price	97.86	99.21

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 1.13%. This agreement removed from 29 August 2023.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

I INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	100.25	100.00
Return before operating charges*	(0.58)	2.31
Operating charges	(0.94)	(1.00)
Return after operating charges	(1.52)	1.31
Distributions	(1.89)	(1.06)
Closing net asset value per share	96.84	100.25
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(1.52)%	1.31%
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OTHER INFORMATION

Closing net asset value (£'000)	392,775	312,024
Closing number of shares	405,583,121	311,259,864
Operating charges ³	0.92%	0.93% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	106.62	107.31
Lowest share price	96.07	99.21

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 0.93%. This agreement removed from 29 August 2023.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

I ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	101.31	100.00
Return before operating charges*	(0.64)	2.31
Operating charges	(0.95)	(1.00)
Return after operating charges	(1.59)	1.31
Distributions	(1.92)	(1.06)
Retained distributions on accumulation shares	1.92	1.06
Closing net asset value per share	99.72	101.31
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(1.57)%	1.31%
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OTHER INFORMATION

Closing net asset value (£'000)	1,203,732	885,712
Closing number of shares	1,207,111,842	874,240,282
Operating charges ³	0.92%	0.93% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	107.75	107.46
Lowest share price	98.25	99.21

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 0.93%. This agreement removed from 29 August 2023.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

S INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	100.37	100.00
Return before operating charges*	(0.57)	2.49
Operating charges	(0.74)	(0.79)
Return after operating charges	(1.31)	1.70
Distributions	(2.06)	(1.33)
Closing net asset value per share	97.00	100.37
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(1.31)%	1.70%
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OTHER INFORMATION

Closing net asset value (£'000)	1,526	1,808
Closing number of shares	1,573,327	1,801,624
Operating charges ³	0.73%	0.73% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	106.83	107.44
Lowest share price	96.39	99.22

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 0.73%.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

S ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	101.63	100.00
Return before operating charges*	(0.63)	2.42
Operating charges	(0.76)	(0.79)
Return after operating charges	(1.39)	1.63
Distributions	(2.10)	(1.31)
Retained distributions on accumulation shares	2.10	1.31
Closing net asset value per share	100.24	101.63
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(1.37)%	1.63%
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OTHER INFORMATION

Closing net asset value (£'000)	382,062	189,842
Closing number of shares	381,153,788	186,799,943
Operating charges ³	0.73%	0.73% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	108.16	107.70
Lowest share price	98.74	99.22

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 0.73%.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

F INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	100.40	100.00
Return before operating charges*	(0.77)	2.28
Operating charges	(0.06)	(0.12)
Return after operating charges	(0.83)	2.16
Distributions	(2.48)	(1.76)
Closing net asset value per share	97.09	100.40
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(0.83)%	2.16%
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OTHER INFORMATION

Closing net asset value (£'000)	–	61
Closing number of shares	256	60,356
Operating charges ³	0.06%	0.11% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	107.03	107.43
Lowest share price	96.70	99.22

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 0.13%. This agreement removed from 29 August 2023.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

FUND INFORMATION continued

Comparative Tables continued

F ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.09.23 pence per share	15.09.22 ¹ pence per share
Opening net asset value per share	102.14	100.00
Return before operating charges*	(0.75)	2.28
Operating charges	(0.06)	(0.14)
Return after operating charges	(0.81)	2.14
Distributions	(2.66)	(1.78)
Retained distributions on accumulation shares	2.66	1.78
Closing net asset value per share	101.33	102.14
* after direct transaction costs of:	0.04	0.24

PERFORMANCE

Return after charges	(0.79)%	2.14%
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OTHER INFORMATION

Closing net asset value (£'000)	3,967	4,407
Closing number of shares	3,915,041	4,313,924
Operating charges ³	0.06%	0.13% ²
Direct transaction costs	0.04%	0.23%

PRICES

Highest share price	108.89	107.94
Lowest share price	99.79	99.22

¹ From 1 September 2021.

² Annualised figure due to Fund launched less than 1 year.

³ The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charges Figure of 0.13%. This agreement removed from 29 August 2023.

WS RUFFER DIVERSIFIED RETURN FUND
ACD’S REPORT continued
FUND INFORMATION continued

Fund Performance to 15 September 2023 (%)

	1 year	Since launch ¹
WS Ruffer Diversified Return Fund	(1.57)	(0.56)
UK Bank Rate ²	4.07	4.82

¹ Fund launched on 1 September 2021.

² Source: Morningstar Direct.

The performance of the Fund is based on the published price per C Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the ‘Return after charges’ disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 56 to 58.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT

as at 15 September 2023

Holding	Portfolio of Investments	Value £'000	15.09.23 %
	DEBT SECURITIES – 62.32% (15.09.22 – 76.78%)		
AU\$49,279,000	Australia (Commonwealth of) 0.25% 21/11/2024	24,489	1.21
AU\$46,910,000	Australia (Commonwealth of) 2.75% 21/4/2024	24,174	1.19
AU\$48,229,000	Australia (Commonwealth of) 3.25% 21/4/2025	24,775	1.22
¥12,995,100,000	Japan Government Bond 0.005% 1/4/2024	70,951	3.50
¥12,993,350,000	Japan Government Bond 0.005% 1/5/2024	70,945	3.50
¥12,995,150,000	Japan Government Bond 0.005% 1/6/2024	70,959	3.50
¥9,645,750,000	Japan Government Bond 0.005% 1/7/2024	52,666	2.60
£69,955,470	UK Treasury 0.125% 31/1/2024	68,658	3.39
£19,461,000	UK Treasury 0.125% index-linked 22/3/2026	27,722	1.37
£15,227,150	UK Treasury 0.125% index-linked 22/11/2065	15,152	0.75
£41,079,990	UK Treasury 0.125% index-linked 22/3/2068	42,431	2.09
£70,831,000	UK Treasury 0.125% index-linked 22/3/2073	62,439	3.08
£19,572,882	UK Treasury 0.375% index-linked 22/3/2062	23,955	1.18
£70,573,000	UK Treasury 1% 22/4/2024	68,838	3.40
£19,461,000	UK Treasury 5% 7/3/2025	19,476	0.96
\$168,729,500	US Treasury <i>Floating Rate Bonds</i> 31/1/2024	136,124	6.71
\$96,751,000	US Treasury <i>Floating Rate Bonds</i> 31/7/2024	78,063	3.85
\$186,410,600	US Treasury <i>Floating Rate Bonds</i> 31/10/2024	150,532	7.43
\$84,221,600	US Treasury <i>Floating Rate Bonds</i> 30/4/2025	67,975	3.35
\$39,835,900	US Treasury Inflation Protected Securities 0.125% 15/2/2051	22,340	1.10
\$84,206,800	US Treasury Inflation Protected Securities 0.125% 15/2/2052	43,610	2.15
\$38,575,500	US Treasury Inflation Protected Securities 0.375% 15/7/2025	38,467	1.90
\$81,076,300	US Treasury Inflation Protected Securities 1.5% 15/2/2053	58,636	2.89
	TOTAL DEBT SECURITIES	<u>1,263,377</u>	<u>62.32</u>

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 15 September 2023

	Holding	Portfolio of Investments	Value £'000	15.09.23 %
		UNITED KINGDOM – 2.79% (15.09.22 – 4.51%)		
	175,383	Admiral	4,271	0.21
	85,130	Ashmore	164	0.01
	318,200	BAE Systems	3,344	0.16
	634,175	Balfour Beatty	2,108	0.10
	559,610	Beazley	3,299	0.16
	2,000,000	BP	10,464	0.52
	104,000	British American Tobacco	2,810	0.14
	214,900	GSK	3,244	0.16
	226,480	Jet2 ¹	2,514	0.12
	628,360.00	Man	1,349	0.07
	1,549,939	Marks & Spencer	3,404	0.17
	45,008	Reckitt Benckiser	2,593	0.13
	1,700,670	Rolls-Royce	3,867	0.19
	223,290	Unilever	9,163	0.45
	2,704,000	Vodafone	2,158	0.11
	51,560	Whitbread	1,896	0.09
		TOTAL UNITED KINGDOM	56,648	2.79
		CONTINENTAL EUROPE – 3.05% (15.09.22 – 2.84%)		
	746,860	Banco Santander	2,243	0.11
	895,490	Bank of Ireland	6,657	0.33
	284,179	Bayer	12,085	0.59
	43,320	Bruxelles Lambert	2,762	0.14
	69,260	Danone	3,206	0.16
	22,680	Dassault Aviation	3,521	0.17
	1,277,989	Glencore	5,833	0.29
	63,910	Grifols	727	0.04
	120,230	Grifols <i>ADR</i>	958	0.05
	247,493	Hellenic Telecom	2,809	0.14
	98,100	JDE Peet's	2,119	0.10

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 15 September 2023

	Holding	Portfolio of Investments	Value £'000	15.09.23 %
	221,000	Orange	2,103	0.10
	6,695	Roche	1,573	0.08
	104,000	Ryanair <i>ADR</i>	8,332	0.41
	372,941	Vallourec	3,965	0.20
	405,570	Vivendi	2,869	0.14
		TOTAL CONTINENTAL EUROPE	61,762	3.05
		NORTH AMERICA – 7.22% (15.09.22 – 6.52%)		
	322,600	Agnico Eagle Mines	12,770	0.63
	100,100	Amazon.com	11,338	0.56
	62,690	Bank of America	1,458	0.07
	1,091,400	Barrick Gold	14,642	0.72
	31,690	Berkshire Hathaway 'B'	9,403	0.47
	67,400	Cigna	15,399	0.76
	68,000	Citigroup	2,342	0.12
	322,823	Conduit	1,459	0.07
	523,230	Coty	5,023	0.25
	55,400	East West Bancorp	2,451	0.12
	29,290	Exxon Mobil	2,758	0.14
	36,100	General Electric	3,363	0.17
	100,270	General Motors	2,745	0.14
	41,398	GoDaddy	2,530	0.12
	136,318	Jackson Financial	4,435	0.22
	561,500	Kenvue	9,616	0.47
	2,647,712	Kinross Gold	11,043	0.54
	9,000	M&T Bank	938	0.05
	9,190	Meta Platforms	2,226	0.11
	170,800	Newmont Mining	5,557	0.27
	35,200	Noble	1,505	0.07
	223,730	NOV	3,778	0.19
	127,312	Pfizer	3,495	0.17
	37,730	Pioneer Natural Resources	7,122	0.35

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 15 September 2023

	Holding	Portfolio of Investments	Value £'000	15.09.23 %
	16,370	PNC Financial Services	1,669	0.08
	110,229	Suncor Energy	3,116	0.15
	120,710	Teck Resources	4,284	0.21
		TOTAL NORTH AMERICA	146,465	7.22
		SOUTH AMERICA – 0.45% (15.09.22 – 0.09%)		
	4,157,922	Ambev <i>ADR</i>	9,124	0.45
		JAPAN – 0.00% (15.09.22 – 2.86%)	–	–
		AFRICA – 0.00% (15.09.22 – 0.24%)	–	–
		ASIA PACIFIC (EX JAPAN) – 2.42% (15.09.22 – 0.00%)		
	490,000	Alibaba	4,355	0.21
	226,260	Alibaba <i>ADR</i>	15,889	0.78
	2,700,000	iShares MSCI China A UCITS ETF ²	9,335	0.46
	79,300	iShares MSCI EM Asia ETF ²	9,866	0.49
	134,340	Taiwan Semiconductor Manufacturing <i>ADR</i>	9,679	0.48
		TOTAL ASIA PACIFIC (EX JAPAN)	49,124	2.42
		AUSTRALIA – 0.33% (15.09.22 – 0.23%)		
	493,500	Newcrest Mining	6,687	0.33
		EXCHANGE TRADED COMMODITIES – 8.41% (15.09.22 – 0.00%)		
	1,077,600	iShares Physical Gold ETC	32,567	1.60
	62,700	WisdomTree Bloomberg Brent Crude Oil ²	2,188	0.11
	2,250,000	WisdomTree Brent Crude Oil ²	99,250	4.90
	1,340,900	WisdomTree Copper ²	36,551	1.80
		TOTAL EXCHANGE TRADED COMMODITIES	170,556	8.41

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 15 September 2023

Holding	Portfolio of Investments	Value £'000	15.09.23 %
	CREDIT DEFAULT SWAPS – (1.53)% (15.09.22 – (0.25)%)		
85,841,084	Markit iTraxx Crossover	(4,248)	(0.21)
444,223,392	Markit iTraxx Europe Series Main	(6,198)	(0.31)
132,181,863	Markit CDX.NA.HY	(4,515)	(0.22)
1,081,315,061	Markit CDX.NA.IG	(15,988)	(0.79)
	TOTAL CREDIT DEFAULT SWAPS	(30,949)	(1.53)
	OPTIONS – 0.44% (15.09.22 – 2.10%)		
15,497,000,000	Call JPY 175 11/2023	355	0.02
22,000,000,000	Call JPY 176 10/2023	194	0.01
6,526	CBOE SPX Call USD 23 09/2023	11	–
8,680	CBOE SPX Call USD 24 09/2023	14	–
¥9,352,000,000	Put JPY Swaption 0.33 10/2023	426	0.02
¥16,150,000,000	Put JPY Swaption 0.50 12/2023	458	0.02
¥10,316,000,000	Put JPY Swaption 0.55 01/2024	358	0.02
20,000,000,000	Put JPY Swaption 0.708 12/2023	2,475	0.12
¥6,711,000,000	Put JPY Swaption 0.7309 12/2023	733	0.03
¥12,800,000,000	Put JPY Swaption 0.745 09/2023	939	0.04
¥3,000,000,000	Put JPY Swaption 0.75 12/2023	321	0.02
¥12,800,000,000	Put JPY Swaption 1.045 09/2023	(12)	–
¥15,500,000,000	Put JPY Swaption 1.11 02/2024	715	0.04
¥19,650,000,000	Put JPY Swaption 1.135 02/2024	884	0.04
¥12,500,000,000	Put JPY Swaption 1.23 02/2024	397	0.02
¥15,500,000,000	Put JPY Swaption 1.36 02/2024	(379)	(0.02)
¥19,650,000,000	Put JPY Swaption 1.385 02/2024	(479)	(0.02)
(20,000,000,000)	Put JPY Swaption 1.708 12/2023	(79)	–
¥6,711,000,000	Put JPY Swaption 1.7309 12/2023	(19)	–
¥3,000,000,000	Put JPY Swaption 1.75 12/2023	(11)	–
793	S&P 500 Put USD 4100 09/2023	121	0.01
714	S&P 500 Put USD 4140 09/2023	149	0.01

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

PORTFOLIO STATEMENT continued

as at 15 September 2023

Holding	Portfolio of Investments	Value £'000	15.09.23 %
702	S&P 500 Put USD 4160 09/2023	131	0.01
722	S&P 500 Put USD 4210 09/2023	185	0.01
416	S&P 500 Put USD 4300 10/2023	713	0.04
	TOTAL OPTIONS	8,600	0.44
	FORWARD CURRENCY CONTRACTS – (0.35)% (15.09.22 – (1.76)%)		
€(87,000,000)	Vs £74,933,535 (expiry 15/12/2023) ³	(212)	(0.01)
\$(798,457,300)	Vs £637,266,988 (expiry 15/12/2023) ³	(6,846)	(0.34)
£(6,151)	Vs ¥1,128,022 (expiry 19/9/2023) ³	–	–
	TOTAL FORWARD CURRENCY CONTRACTS	(7,058)	(0.35)
	FUTURES – (0.01)% (15.09.22 – 0.05%)		
393	CBOE VIX 10/23	(134)	(0.01)
334	CBOE VIX 11/23	20	–
	TOTAL FUTURES	(114)	(0.01)
	Portfolio of investments ⁴	1,734,222	85.54
	Net other assets	293,108	14.46
	Total net assets	2,027,330	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on regulated market unless stated otherwise.

¹ Quoted on the Alternative Investment Market (AIM).

² Collective investment scheme.

³ Counterparty: BNY Mellon.

⁴ Includes investment liabilities.

Definitions:

ADR – American Depositary Receipts.

ADS – American Depositary Shares.

WS RUFFER DIVERSIFIED RETURN FUND

ACD'S REPORT continued

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 September 2023

Total purchases for the year £'000 (note 16)		2,680,666	Total sales for the year £'000 (note 16)		2,224,976
		Cost £'000			Proceeds £'000
Major purchases			Major sales		
US Treasury 5.5273788% <i>Floating Rate Bonds</i> 31/10/2024		163,893	UK Treasury 0.125% index-linked 22/3/2024		260,598
US Treasury Inflation Protected Securities 0.125% 15/2/2052		142,993	UK Treasury 2.5% index-linked 17/7/2024		176,539
WisdomTree Brent Crude Oil		128,679	US Treasury 3.134088% <i>Floating Rate Bonds</i> 31/10/2023		165,019
US Treasury 5.3723808% <i>Floating Rate Bonds</i> 31/1/2024		118,063	US Treasury Inflation Protected Securities 0.625% 15/4/2023		93,738
US Treasury 5.4243792% <i>Floating Rate Bonds</i> 31/7/2024		76,435	US Treasury Inflation Protected Securities 0.125% 15/2/2052		91,264
US Treasury 1.5% 15/2/2053		74,507	US Treasury Inflation Protected Securities 0.625% 15/1/2026		83,174
iShares Physical Gold ETC		72,502	UK Treasury 1.875% index-linked 22/11/2022		78,049
US Treasury 3.134088% <i>Floating Rate Bonds</i> 31/10/2023		72,290	US Treasury Inflation Protected Securities 0.375% 15/7/2023		73,170
UK Treasury 0.125% 31/1/2024		70,449	US Treasury 5.3723808% <i>Floating Rate Bonds</i> 31/1/2024		71,042
UK Treasury 2.25% 7/9/2023		70,371	UK Treasury 0.75% 22/7/2023		71,035

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
for the year ended 15 September 2023

	Notes	£'000	15.09.23 £'000	£'000	15.09.22 £'000
Income:					
Net capital losses	3		(101,333)		(50,741)
Revenue	4	78,754		15,356	
Expenses	5	(17,482)		(4,963)	
Interest payable and similar charges	7	(18,289)		(1,912)	
Net revenue before taxation		42,983		8,481	
Taxation	6	(906)		(406)	
Net revenue after taxation			42,077		8,075
Total return before distributions			(59,256)		(42,666)
Distributions	8		(35,395)		(7,433)
Change in net assets attributable to shareholders from investment activities			(94,651)		(50,099)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 15 September 2023

	£'000	15.09.23 £'000	£'000	15.09.22 £'000
Opening net assets attributable to shareholders		1,448,410		–
Amounts receivable on issue of shares	907,189		1,539,965	
Amounts payable on redemption of shares	(264,193)		(52,345)	
		642,996		1,487,620
Change in net assets attributable to shareholders from investment activities		(94,651)		(50,099)
Retained distributions on Accumulation shares		30,575		10,889
Closing net assets attributable to shareholders		2,027,330		1,448,410

WS RUFFER DIVERSIFIED RETURN FUND**FINANCIAL STATEMENTS** continued**BALANCE SHEET**

as at 15 September 2023

	Notes	15.09.23 £'000	15.09.22 £'000
ASSETS			
Fixed assets			
Investments		1,773,342	1,403,801
Current assets			
Debtors	9	75,663	73,985
Cash and bank balances	10	232,692	46,380
Total assets		<u>2,081,697</u>	<u>1,524,166</u>
LIABILITIES			
Investment liabilities		(39,120)	(39,241)
Creditors			
Distribution payable	11	(3,149)	(2,903)
Other creditors	11	(12,098)	(33,612)
Total liabilities		<u>(54,367)</u>	<u>(75,756)</u>
Net assets attributable to shareholders		<u>2,027,330</u>	<u>1,448,410</u>

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 September 2023

1. Accounting Policies

The principal accounting policies, which have been applied in both the current year and prior period, are set out below.

(A) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended.

These financial statements are prepared on a going concern basis. The ACD has made an assessment of the Fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels, expense projections and key service provider's operational resilience. The ACD also considered the Fund's continued ability to meet ongoing costs, and is satisfied it has the resources to meet these costs and to continue in business.

(B) RECOGNITION OF REVENUE

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'reporting fund' status for UK tax purposes is recognised when the information is made available by the reporting fund.

Revenue on debt securities is accounted for on an effective yield basis.

Rebates of Annual Management Charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue or capital in line with the allocation of the Annual Management Charge between capital and revenue distribution policies of the underlying investments.

The treatment of the income on derivative contracts is dependent upon the nature of the transaction. To determine whether the returns should be treated as capital or revenue the motive and circumstances of the transaction are used. Where positions are undertaken to protect or enhance capital, the returns are

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

recognised in net capital gains; similarly where positions are taken to generate or protect revenue, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(C) TREATMENT OF EXPENSES

All expenses, except for those relating to the purchase and sale of investments, are charged against revenue.

(D) ALLOCATION OF REVENUE AND EXPENSES TO MULTIPLE SHARE CLASSES

Any revenue or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes unless a different allocation method is deemed more appropriate by the ACD.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(E) TAXATION

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business on the last business day of the financial year.

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

Quoted investments are valued at fair value which generally is the bid price, excluding any accrued interest in the case of debt securities. Accrued interest on debt securities is included in revenue.

Collective investment schemes are valued at published bid prices for dual priced funds and at published prices for single priced funds. The value of revenue and expenses on tax transparent investments are recognised within the respective sub-fund and therefore excluded from the valuation price.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

Structured products for which a price can only be obtained from the issuer are valued at the fair value per the issuer and the value is confirmed by an independent price provider by reference to the terms as defined in the term sheet of the structured product.

The market value of over the counter (OTC) derivatives is determined based on valuation pricing models which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions.

(G) EXCHANGE RATES

The base and functional currency of the Fund is pounds sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rate prevailing at close of business on the last business day of the financial year.

(H) DILUTION ADJUSTMENT

The ACD may require a dilution adjustment on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; on a sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution adjustment.

In normal market conditions and under the tax and exchange fee regimes currently in operation in the relevant markets, the dilution adjustment is, based on projections, likely to be in the range of Net Asset Value -2% to Net Asset Value +2% and applied on a daily basis.

(I) DIRECT TRANSACTION COSTS

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Debt security investments have no separately identifiable transaction costs as they form part of the dealing spread. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

the direct transaction costs disclosures. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

2. Distribution Policies

Surplus revenue after expenses and taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion and the balance of revenue is distributed in accordance with the COLL Sourcebook.

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3. Net Capital Losses

The net capital losses during the year/period comprise:

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Non-derivative securities	(99,595)	(54,350)
Derivative contracts	(40,633)	29,688
Forward currency contracts	37,576	(32,591)
Transaction charges	(18)	(86)
AMC rebates from underlying investments	273	-
Currency gains	1,064	6,598
Net capital losses	(101,333)	(50,741)

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

4. Revenue

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Non-taxable dividends	9,312	5,263
Taxable dividends	271	27
Interest on debt securities	63,865	9,985
Revenue from derivative contracts	614	–
Bank interest	4,266	81
Margin interest	426	–
Total revenue	<u>78,754</u>	<u>15,356</u>

5. Expenses

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	17,050	4,881
Legal and professional fees	10	9
Typesetting costs	7	3
Registration fees	100	72
Refund of expenses from Investment Manager	–	(136)
	<u>17,167</u>	<u>4,829</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	204	88
Safe custody and other bank charges	103	37
	<u>307</u>	<u>125</u>

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Other expenses:		
FCA	–	1
Publication costs	3	3
Portfolio monitoring fees	5	5
	8	9
Total expenses	17,482	4,963

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

The ACD pays the audit fees of the Fund on a discretionary basis. Audit fees for the current year are £12,600 plus VAT (15.09.22: £7,350 plus VAT).

6. Taxation

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
a) Analysis of charge for the year/period		
Corporation tax at 20%	–	–
Overseas tax	906	406
Current tax charge	906	406
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	906	406

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

b) Factors affecting the tax charge for the year/period

The tax assessed for the year/period differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (15.09.22: 20%). The difference is explained below:

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Net revenue before taxation	42,983	8,481
Corporation tax at 20%	8,597	1,696
Effects of:		
Non-taxable dividends	(1,862)	(1,053)
Utilisation of excess management expenses	2,061	2,327
AMC rebates taken to capital	55	–
Expenses not deductible for tax purposes	–	(1)
RPI movement on UK index-linked gilts	(8,034)	(2,969)
Prior year adjustment	(817)	–
Corporation tax charge	–	–
Overseas tax	906	406
Total tax charge (note 6a)	906	406

c) Deferred tax

At the year end there is a potential deferred tax asset of £4,388,000 (15.09.22: £2,327,000) due to excess management expenses of £21,941,000 (15.09.22: £11,634,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

7. Interest Payable and Similar Charges

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Credit default swaps	17,922	1,823
Interest payable	367	89
Total interest payable and similar charges	18,289	1,912

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

8. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Interim	22,309	559
Final	16,297	13,299
	<u>38,606</u>	<u>13,858</u>
Add: Revenue deducted on redemption of shares	1,682	309
Deduct: Revenue received on issue of shares	(4,893)	(6,734)
Net distributions for the year	<u>35,395</u>	<u>7,433</u>

Details of the distributions per share are set out in the table on pages 56 to 58.

	15.09.23 £'000	For the period from 01.09.21 to 15.09.22 £'000
Distributions represented by:		
Net revenue after taxation	42,077	8,075
Allocations to capital:		
Expenses, net of tax relief	(6,694)	(645)
Equalisation on conversions ¹	12	3
Net distributions for the year/period	<u>35,395</u>	<u>7,433</u>

¹ Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

9. Debtors

	15.09.23 £'000	15.09.22 £'000
Amounts receivable for issue of shares	488	16,020
Sales awaiting settlement	629	11,677
Accrued revenue:		
Non-taxable dividends	701	983
Interest from debt securities	4,321	3,281
	5,022	4,264
Taxation recoverable:		
Overseas withholding tax	149	23
Amounts due from brokers	69,375	42,001
Total debtors	75,663	73,985

10. Cash and Bank Balances

	15.09.23 £'000	15.09.22 £'000
Bank balances	232,692	46,380
Total cash and bank balances	232,692	46,380

11. Creditors

	15.09.23 £'000	15.09.22 £'000
Distribution payable	3,149	2,903
Other Creditors		
Amounts payable for redemption of shares	2,294	198
Purchases awaiting settlement	366	19,743

WS RUFFER DIVERSIFIED RETURN FUND**FINANCIAL STATEMENTS** continued**NOTES TO THE FINANCIAL STATEMENTS** continued

for the year ended 15 September 2023

	15.09.23 £'000	15.09.22 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,946	1,461
Typesetting costs	5	3
Registration fees	13	13
	1,964	1,477
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26	22
Transaction charges	4	21
Safe custody and other bank charges	23	12
	53	55
Amount of collateral payable	7,421	–
Amounts due to brokers	–	12,139
Total other creditors	12,098	33,612

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 35 and amounts due at the period end are disclosed in notes 9 and 11.

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.09.22: none).

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

14. Shares in Issue

	C Income	C Accumulation	I Income	I Accumulation
Annual Management Charge	1.10%	1.10%	0.90%	0.90%
Opening shares in issue	3,626,289	50,360,060	311,259,864	874,240,282
Issues	2,083,401	21,328,231	186,600,240	464,288,501
Redemptions	(2,556,930)	(17,488,042)	(93,199,100)	(127,838,262)
Conversions	12,656	(13,721,156)	922,117	(3,578,679)
Closing shares in issue	<u>3,165,416</u>	<u>40,479,093</u>	<u>405,583,121</u>	<u>1,207,111,842</u>

	S Income	S Accumulation	F Income	F Accumulation
Annual Management Charge	0.70%	0.70%	0.10%	0.10%
Opening shares in issue	1,801,624	186,799,943	60,356	4,313,924
Issues	815,605	199,268,184	–	95,909
Redemptions	(1,301,010)	(20,927,880)	(60,100)	(494,792)
Conversions	257,108	16,013,541	–	–
Closing shares in issue	<u>1,573,327</u>	<u>381,153,788</u>	<u>256</u>	<u>3,915,041</u>

15. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) and investment purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

(A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty’s credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction’s maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction. The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. All bonds in which the Fund invests are government securities which are lower risk.

There were credit default swaps, forward currency contracts, interest rate swaps and options held at the balance sheet date. Details of individual contracts are disclosed separately in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

15.09.23 Counterparty ¹	Credit default swaps £'000	Forward currency contracts £'000	Interest rate swaps £'000	Options £'000	Net cash collateral pledged £'000
JP Morgan	–	–	4,331	2,396	(6,520)
Citibank	–	–	–	355	(470)
Morgan Stanley	(30,949)	–	–	194	(431)
BNY Mellon	–	(7,058)	–	–	–

¹ Listed options and futures are excluded.

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

15.09.22 Counterparty	Credit default swaps £'000	Forward currency contracts £'000	Interest rate swaps £'000	Options £'000	Net cash collateral pledged £'000
JP Morgan	–	–	7,090	2,891	–
Citibank	–	–	–	1,041	–
Morgan Stanley	(3,486)	–	–	313	–
Goldman Sachs	(165)	–	–	–	–
NatWest	–	–	–	304	–
BNY Mellon	–	(25,431)	–	–	–
Barclays	–	–	–	631	–

(B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes may expose the Fund to indirect interest rate risk to the extent that they may invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 September 2023 a one basis point change in the yield would have an impact of £498,000 on the direct net assets of the Fund (15.09.22: £57,000).

The table below shows the interest rate risk profile:

	15.09.23 £'000	15.09.22 £'000
Floating rate investments	495,931	952,270
Fixed rate investments	767,446	159,794
Investments on which interest is not paid	509,965	291,737
Investment liabilities on which interest is not paid	(39,120)	(39,241)
Total investments	<u>1,734,222</u>	<u>1,364,560</u>

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

Investments on which interest is not paid include equities, futures and forward currency contracts.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The table below shows the direct foreign currency risk profile:

	15.09.23 Gross £'000	15.09.23 Hedged £'000	15.09.23 Net £'000
Currency:			
Australian dollars	80,828	–	80,828
Canadian dollars	3,153	–	3,153
Euros	79,830	(75,146)	4,684
Hong Kong dollars	4,355	–	4,355
Japanese yen	341,953	–	341,953
Swedish krona	3	–	3
Swiss francs	1,573	–	1,573
Taiwan dollars	1	–	1
US dollars	981,318	(644,113)	337,205
	<u>1,493,014</u>	<u>(719,259)</u>	<u>773,755</u>
Pounds sterling	<u>541,374</u>	<u>712,201</u>	<u>1,253,575</u>
Net assets	<u>2,034,388</u>	<u>(7,058)</u>	<u>2,027,330</u>

WS RUFFER DIVERSIFIED RETURN FUND
FINANCIAL STATEMENTS continued
NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 15 September 2023

	15.09.22 Gross £'000	15.09.22 Hedged £'000	15.09.22 Net £'000
Currency:			
Australian dollars	80,580	–	80,580
Euros	33,728	(15,557)	18,171
Japanese yen	132,455	–	132,455
Norwegian krone	6,371	–	6,371
Swedish krona	6	–	6
Swiss francs	1,508	–	1,508
US dollars	844,943	(675,293)	169,650
	<u>1,099,591</u>	<u>(690,850)</u>	<u>408,741</u>
Pounds sterling	<u>374,250</u>	<u>665,419</u>	<u>1,039,669</u>
Net assets	<u>1,473,841</u>	<u>(25,431)</u>	<u>1,448,410</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £38,688,000 on the net assets of the Fund (15.09.22: £20,437,000).

(D) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation. The ACD monitors the liquidity profile of the Fund daily.

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 88.82% of the portfolio can be liquidated within 5 days and 90.47% within 21 working days (15.09.22: 95.62% within 5 days and 95.66% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

All financial liabilities are payable in one year or less, or on demand.

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

(E) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts would have the effect of increasing the return and net assets by £87,064,000 (15.09.22: £69,500,000). A 5% decrease would have an equal and opposite effect.

(F) DERIVATIVES

During the period the Fund employed a number of derivative strategies to provide protection against perceived risks to the value of assets held in the portfolio. These were:

Currency put options – Put options were taken out to protect the value of the portfolio against the effects of a weakening of relevant currencies.

Equity index put options and spreads – During the period the portfolio held put options on the S&P 500 Index to protect the portfolio from the risk of a fall in the value of the equity markets.

Interest rate swaptions – Purchased to offset the duration exposure of index-linked bond positions.

VIX call options and futures – Held for protection against an increase in equity market volatility.

Swaps on credit indices – Held for protection against credit conditions worsening.

The intention in using the forward currency contracts is to reduce the risk profile of the Fund by managing the exposure of the Fund to foreign exchange risk and leave the Fund primarily exposed to the underlying market risk of overseas investments. Therefore where the value of overseas investments falls due to currency movements, the forward currency contracts generate a gain and vice versa.

The ACD assesses the market risk of the Fund's investments on a daily basis, including any derivative exposure, using the Monte Carlo Value at Risk ('VaR') methodology against the regulatory limit of a daily VaR limit of 4.47%. A confidence interval of 99% and a time horizon of 1 day are used as standard. This process provides the ACD with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a day in all but a given percentage of circumstances (1% in this case).

WS RUFFER DIVERSIFIED RETURN FUND

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NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

For example, based on 99% daily VaR of 5% one would expect to see a daily performance of less than (5)% only in one out of a hundred trading days. The highest and lowest VaR were 9.72% and 3.49% respectively, with an average VaR of 5.74% (15.09.22: the highest and lowest VaR was 4.57% and 2.68% respectively with an average VaR of 3.51%). The VaR of the Fund at 15 September 2023 was 5.24% (15.09.22: 3.93%). It should be noted that VaR is only an indication of risk and actual price movements may prove to be less or more volatile than expected.

Leverage of the Fund as at 15 September 2023 was 161.59% (15.09.22: 356.14%), calculated under the sum of notionals methodology.

Refer to note 3 for the impact of derivatives and forward currency contracts in the period and to the Portfolio Statement for the position of derivatives and forward currency contracts held at the year end.

16. Portfolio Transaction Costs

15.09.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	419,290	124	464	419,878
Collective investment schemes	319,587	49	–	319,636
Debt securities	1,941,152	–	–	1,941,152
Purchases total	<u>2,680,029</u>	<u>173</u>	<u>464</u>	<u>2,680,666</u>
Transaction cost % of purchases total		0.01%	0.02%	
Transaction cost % of average NAV		0.01%	0.02%	
Ordinary shares	386,661	(139)	(2)	386,520
Collective investment schemes	138,241	(21)	–	138,220
Debt securities	1,700,236	–	–	1,700,236
Sales total	<u>2,225,138</u>	<u>(160)</u>	<u>(2)</u>	<u>2,224,976</u>
Transaction cost % of sales total		0.01%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 0.09% (15.09.22: 0.08%).

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 15 September 2023

15.09.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	630,046	144	919	631,109
Collective investment schemes	62,016	12	–	62,028
Debt securities	1,316,987	–	–	1,316,987
Purchases total	<u>2,009,049</u>	<u>156</u>	<u>919</u>	<u>2,010,124</u>
Transaction cost % of purchases total		0.01%	0.04%	
Transaction cost % of average NAV		0.03%	0.17%	
Ordinary shares	378,700	(142)	(3)	378,555
Collective investment schemes	61,503	(7)	–	61,496
Debt securities	158,601	–	–	158,601
Sales total	<u>598,804</u>	<u>(149)</u>	<u>(3)</u>	<u>598,652</u>
Transaction cost % of sales total		0.02%	–	
Transaction cost % of average NAV		0.03%	–	

WS RUFFER DIVERSIFIED RETURN FUND
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for the year ended 15 September 2023

17. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1;

Level 3: Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

15.09.23	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,765,087	8,255	–	1,773,342
Investment liabilities	(134)	(38,986)	–	(39,120)

15.09.22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,305,912	97,889	–	1,403,801
Investment liabilities	(5,734)	(33,507)	–	(39,241)

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

DISTRIBUTION TABLE

for the year ended 15 September 2023 – in pence per share

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.09.22	16.03.23
To	15.03.23	15.09.23

C INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.05.23	Paid 15.05.22
Group 1	1.0418	–	1.0418	0.1682
Group 2	0.4286	0.6132	1.0418	0.1682

Final	Net Revenue	Equalisation	Payable 15.11.23	Paid 15.11.22
Group 1	0.6833	–	0.6833	0.8253
Group 2	0.3824	0.3009	0.6833	0.8253

C ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.05.23	Allocated 15.05.22
Group 1	1.0471	–	1.0471	0.0571
Group 2	0.6558	0.3913	1.0471	0.0571

Final	Net Revenue	Equalisation	Allocation 15.11.23	Allocated 15.11.22
Group 1	0.6951	–	0.6951	0.8450
Group 2	0.2789	0.4162	0.6951	0.8450

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

DISTRIBUTION TABLE continued

I INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.05.23	Paid 15.05.22
Group 1	1.1225	–	1.1225	0.1472
Group 2	0.4237	0.6988	1.1225	0.1472

Final	Net Revenue	Equalisation	Payable 15.11.23	Paid 15.11.22
Group 1	0.7676	–	0.7676	0.9170
Group 2	0.3585	0.4091	0.7676	0.9170

I ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.05.23	Allocated 15.05.22
Group 1	1.1334	–	1.1334	0.1378
Group 2	0.4499	0.6835	1.1334	0.1378

Final	Net Revenue	Equalisation	Allocation 15.11.23	Allocated 15.11.22
Group 1	0.7852	–	0.7852	0.9202
Group 2	0.3410	0.4442	0.7852	0.9202

S INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.05.23	Paid 15.05.22
Group 1	1.2084	–	1.2084	0.3320
Group 2	0.7845	0.4239	1.2084	0.3320

Final	Net Revenue	Equalisation	Payable 15.11.23	Paid 15.11.22
Group 1	0.8486	–	0.8486	0.9973
Group 2	0.4961	0.3525	0.8486	0.9973

WS RUFFER DIVERSIFIED RETURN FUND

FINANCIAL STATEMENTS continued

DISTRIBUTION TABLE continued

S ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.05.23	Allocated 15.05.22
Group 1	1.2203	–	1.2203	0.3122
Group 2	0.5153	0.7050	1.2203	0.3122

Final	Net Revenue	Equalisation	Allocation 15.11.23	Allocated 15.11.22
Group 1	0.8772	–	0.8772	1.0015
Group 2	0.4706	0.4066	0.8772	1.0015

F INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.05.23	Paid 15.05.22
Group 1	1.4802	–	1.4802	0.5000
Group 2	1.4802	0.0000	1.4802	0.5000

Final	Net Revenue	Equalisation	Payable 15.11.23	Paid 15.11.22
Group 1	0.9960	–	0.9960	1.2572
Group 2	0.9960	0.0000	0.9960	1.2572

F ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.05.23	Allocated 15.05.22
Group 1	1.5049	–	1.5049	0.5322
Group 2	1.5049	0.0000	1.5049	0.5322

Final	Net Revenue	Equalisation	Allocation 15.11.23	Allocated 15.11.22
Group 1	1.1524	–	1.1524	1.2483
Group 2	0.8088	0.3436	1.1524	1.2483

GENERAL INFORMATION

Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund.

The sub-fund which is currently available is:

WS Ruffer Diversified Return Fund

In the future there may be other sub-funds of the Company.

Classes of Shares

The Company can issue different classes of shares in respect of any sub-fund.

Holders of income shares are entitled to be paid the distributable income attributed to such shares on any relevant interim and annual allocation dates.

Holders of accumulation shares are not entitled to be paid the income attributed to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation share.

Where a sub-fund has different classes, each class may attract different charges and so monies may be deducted from the Scheme Property attributable to such classes in unequal proportions. In these circumstances, the proportionate interests of the classes within a sub-fund will be adjusted accordingly.

Valuation Point

The current valuation point of the Company is 12.00 noon (London time) on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

Buying and Selling Shares

The ACD will accept orders to deal in the shares on each business day between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 601 9610.

GENERAL INFORMATION continued

Prices

The prices of all shares are published in the **Financial Times**. The prices of all shares are published on the ACD's website: www.waystone.com and may also be obtained by calling 0345 601 9610 during the ACD's normal business hours.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Documents and the most recent interim and annual reports may be inspected at, and obtained from, the ACD at 2nd floor, 20-22 Bedford Row, Holborn, London, WC1R 4EB during normal business hours on any Business Day, in addition to being available at www.waystone.com.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. Information about the Financial Ombudsman can be found on its website at www.financial-ombudsman.org.uk.

Data Protection Act

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

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