Ruffer Investment Company Limited

Investment Manager's Year End Review
for the year ended
31 December 2022 (unaudited)

Contents

Key performance indicators	31 Dec 2022 %	31 Dec 2021 %
Share price total return over 6 months[1]	4.23	2.61
NAV total return per share over 6 months[1]	4.79	2.84
Premium of share price to NAV	1.02	1.83
Dividends per share over 6 months[2]	1.25p	1.55p
Annualised dividend yield[3]	0.80	1.06
Annualised NAV total return per share since launch[1]	7.8	7.8
Ongoing charges ratio[4]	1.08	1.08

Financial highlights	31 Dec 2022	30 June 2022
Share price	311.00p	300.00p
NAV as calculated on an IFRS basis	£1,123,737,159	£952,784,773
NAV as reported to the LSE	£1,124,015,036	£947,554,437
Market capitalisation	£1,135,516,246	£969,008,292
Number of shares in issue	365,117,764	323,002,764
NAV per share as calculated on an IFRS basis	307.77p	294.98p
NAV per share as reported to the LSE	307.85p	293.36p

1 Assumes reinvestment of dividends
2 Dividends paid during the period
3 Dividends paid during the year divided by closing share price
4 Calculated in accordance with AIC guidance

Source: RAIFM Ltd, FTSE International (FTSE). Data to December 2022. All figures include reinvested income. Ruffer performance is shown after deduction of all fees and management charges. Performance data is included in the appendix.

Investment Manager's report

Performance review

The NAV total return for the six months to 31 December 2022 was 4.8% and the share price total return was 4.2%.

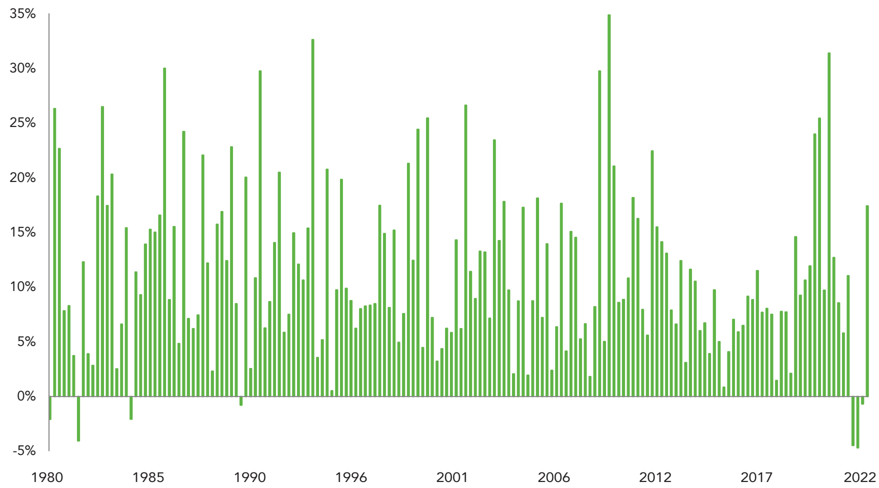
The calendar 2022 NAV total return was 8.0% and the share price total return was 7.3%.

The annualised NAV total return since inception of the Company in 2004 is 7.8%, which is ahead of UK equities, but with a much lower level of volatility and drawdowns.

The writer Charles Bukowski said 'what matters most is how well you walk through the fire' – this feels particularly apt to describe 2022, where investors in most asset classes got burnt.

Even an investor who had perfect foresight might still have struggled. Imagine you had predicted interest rates in the US would rise by 400 basis points, not the 80 basis points forecast in January. Or predicted that realised inflation would explode to 40 year highs. A traditional inflation hedge portfolio of gold, oil, inflation-linked bonds and property would have lost money.

BEST QUARTERLY TOTAL RETURN ACROSS ASSET CLASSES



Q4 2022 total return	%
MSCI EAFE $	17.4
30y Treasury	15.0
10y Treasury	9.9
MSCI EM $	9.8
MSCI World $	7.6
SP500 Composite	7.6
Bloomberg EM Bond $	6.6
Russell 2000	6.2
Bloomberg Global Aggregate	4.5
ICE BofA US High Yield	4.0
Bloomberg US Aggregate	1.9

Source: FactSet, Data to January 2023

Outside of the US dollar, there was nowhere to hide. The year saw a failure of diversification and included a remarkable three consecutive quarters of stocks and bonds falling at the same time.

It was the year when the bull market in belief (finally) died.

Just like Jeff Bezos in 1999, Elon Musk was struck by the Time Magazine Man of the Year curse: Tesla stock fell 65% in 2022.

It was a terrible twelve months for acronyms: FTX, SBF, LDI, ESG, NFTs, UK PMs, ARKK and HODL all having notably bad years.

Another shorthand, the 60/40, had its worst year in almost a century, falling 17%. RIP.

Performance contributions for 12 months

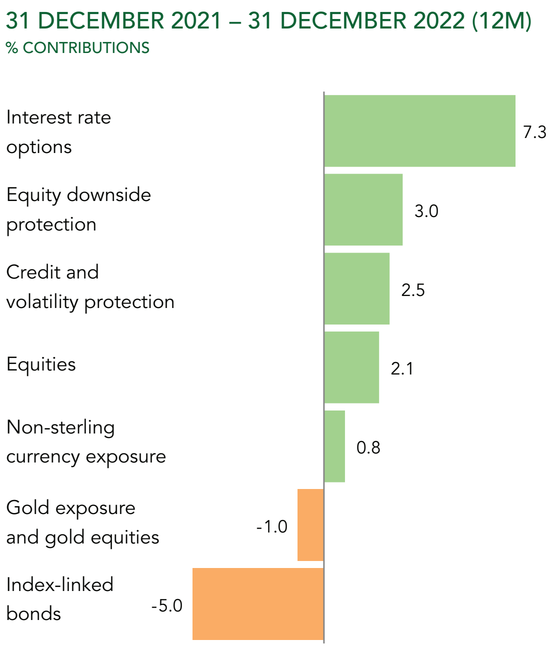
In the context of conventional assets struggling, it is perhaps not surprising that the driver of performance was our unconventional protective toolkit.

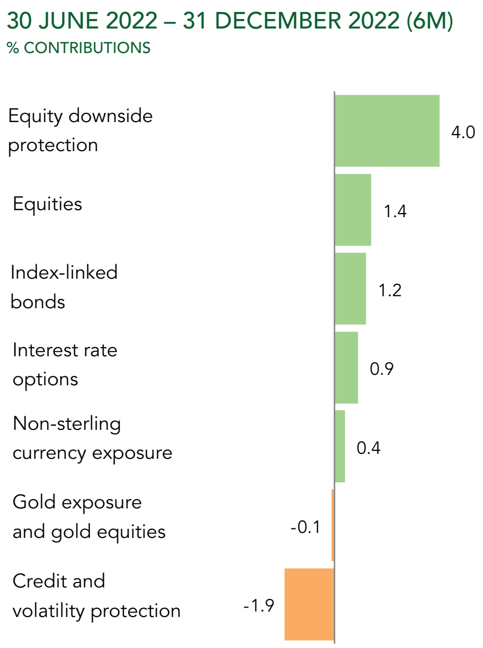
The biggest contributor was the interest rate hedges via payer swaptions, adding 7.3% to the portfolio return.

Equity downside protection added 3.0% to the portfolio return across a mix of strategies: puts on crowded and profitless tech stocks in Q1, European banks in February and puts on Tesla and the S&P 500 in the latter half of the year.

As investor sentiment soured and financial conditions began to tighten, risk spreads widened, and credit protections added 2.5%.

The biggest detractor from performance was index-linked gilts. The 2073 bond (a 2.5% position at period end) was down 68% in 2022 – more than bitcoin! The asset class knocked 5.0% off portfolio performance. Thankfully, most of this damage was offset by the interest rate hedges mentioned above. We have long called these bonds the ‘crown jewels’ in our portfolio due to our conviction that they should provide the best protection in a world of financial repression. We are still of this view. That a key asset can be so painful to hold yet the overall portfolio out-turn be positive does reflect the importance of position sizing and portfolio construction.



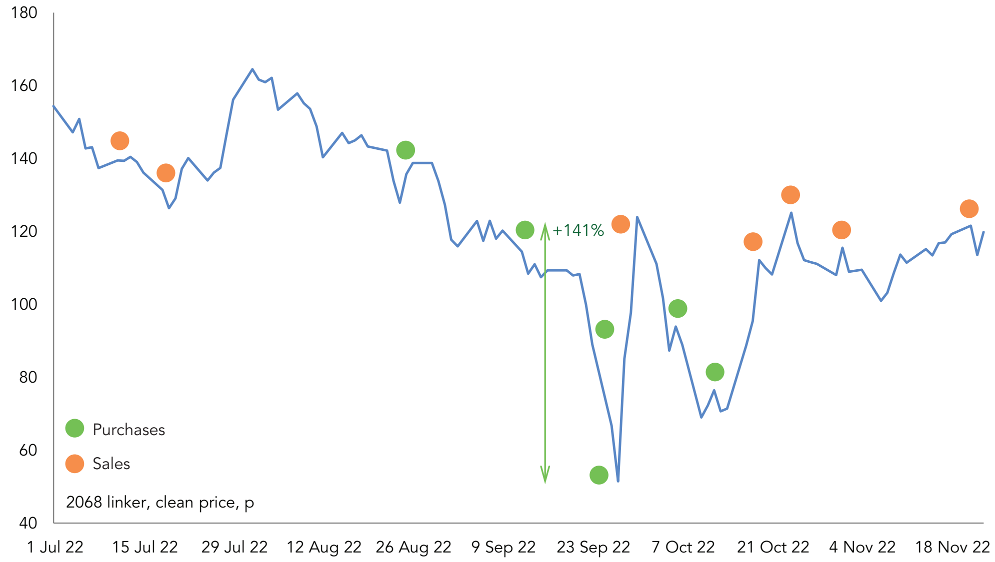


Performance contributions for six months

Equity downside protection contributed 4.0% to portfolio performance via Ruffer Protection Strategies fund. With persistent inflation, a looming recession and hawkish central bank policy, shares slumped across equity markets. The fund was well placed to benefit from this via single stock puts, focussing on the main beneficiaries of the old economic regime.

One of the most notable moves in the second half of the year was the active trading of index-linked gilts in the midst of forced selling by pension funds around the Kwarteng/Truss budget (see chart below) adding around 1.0% to the portfolio return. Over the six months, the bonds themselves fell by 25-40% across the long duration issue held in the portfolio.

DYNAMIC POSITION SIZING – PURCHASES AND SALES OF LONG DATED INFLATION LINKED GILTS



Source: Ruffer, Bloomberg. Price of the 2068 UK govt index-linked gilt as representative of the long end linker market. Trading is based on Ruffer's representative portfolio which is an unconstrained segregated portfolio following Ruffer's investment approach. Data to November 2022.

Energy stocks added 0.6% to the portfolio return as they looked through oil price weakness caused by temporary, but strong, headwinds for oil prices including Chinese lockdowns and US Strategic Petroleum Reserve releases.

Another positive contributor was yen swaptions (+0.3%), a hedge against the risk the Bank of Japan would end its yield curve control policy and Japanese bond yields would be allowed to rise, as happened in late December.

Gold exposure and gold equities continued to underwhelm over the period, recording a loss of 0.1% within the portfolio. While the asset itself struggled under the pressure of a strengthening dollar, gold miners were hampered by rising input costs and falling prices.

The biggest cost to the portfolio (-1.9%) was credit protections via Ruffer's illiquid strategies as credit spreads tightened in the second half as inflation peaked and the market priced in a soft landing.

Portfolio changes

There is a significant degree of what appears to be cognitive dissonance in our current portfolio construction. This is because the portfolio we believe you want for the coming 6-9 months is almost entirely different from the strategic portfolio you might want to navigate the coming decade.

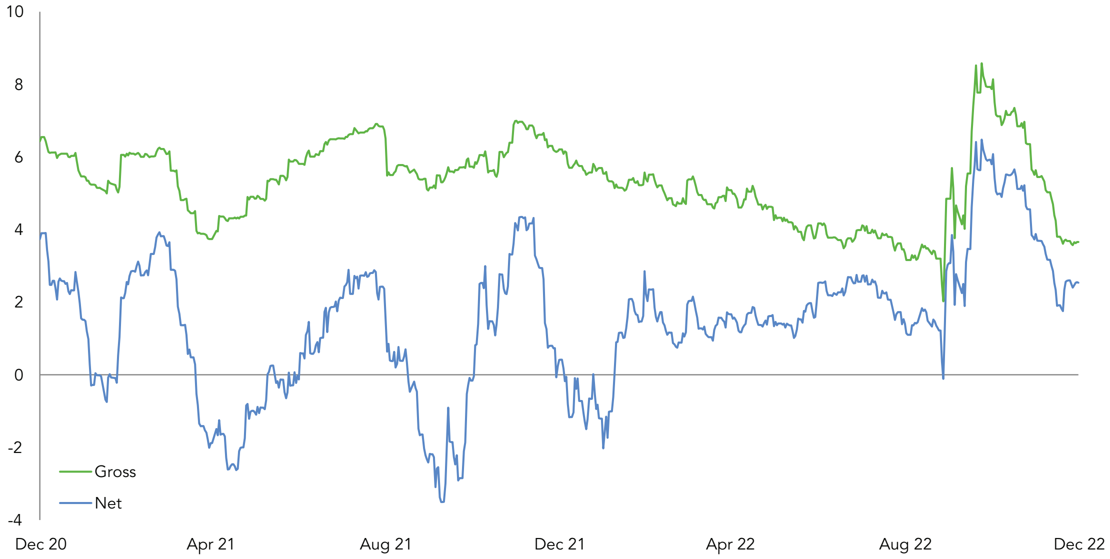
The risk is that we are trying to be too clever, the danger is, by not trying to navigate the vicissitudes of choppy markets, investors get badly hurt. This was the experience of 2022.

1 Equities remain at the lowest level in our history – 13.5% gross and close to zero net of option protection
2 In late Q3 we pivoted from bond bears to bulls. Adding 12% to long US duration via 10 year and 30 year US Treasury Inflation Protected securities and US Treasuries. By period end, these positions had been reduced to around 3.5% as rates compressed on recession fears
3 In December we added a 3% position to oil futures via an ETC
4 In Q4 we started to rebuild gold exposure towards 5%

In the near term, we are positioned for a disinflationary lurch, bond yields coming down and a bumpy recessionary landing for the economy. We are waiting for the opportune moment to pivot towards a portfolio positioned for higher nominal growth alongside inflation and financial repression.

One example of this fleetness of foot is the evolution of our net duration over the year as can be seen in the chart below.

DYNAMICALLY MANAGING DURATION USING OPTION OFFSETS



Source: Ruffer representative portfolio, Bloomberg. Ruffer's representative portfolio shows the performance of an unconstrained, segregated portfolio of £1 million set up in 1995, and follows Ruffer's investment approach.

It is worth emphasising that when yields rose dramatically in Q3 we were active in taking a large duration position. There are many different flavours of risk beyond equity risk and it was our assessment, at the time, that the best risk-adjusted returns were available in the bond market.

In the middle of 2022, we talked about putting the portfolio into 'crouch mode' – this is still the case. With quantitative tightening continuing to drain liquidity from financial markets, risk assets look vulnerable to a liquidation. To protect against this, we continue to use credit protections. The protection armoury is further bolstered by single name and equity index put options.

Investment outlook – The Big Picture

Globalisation is dead

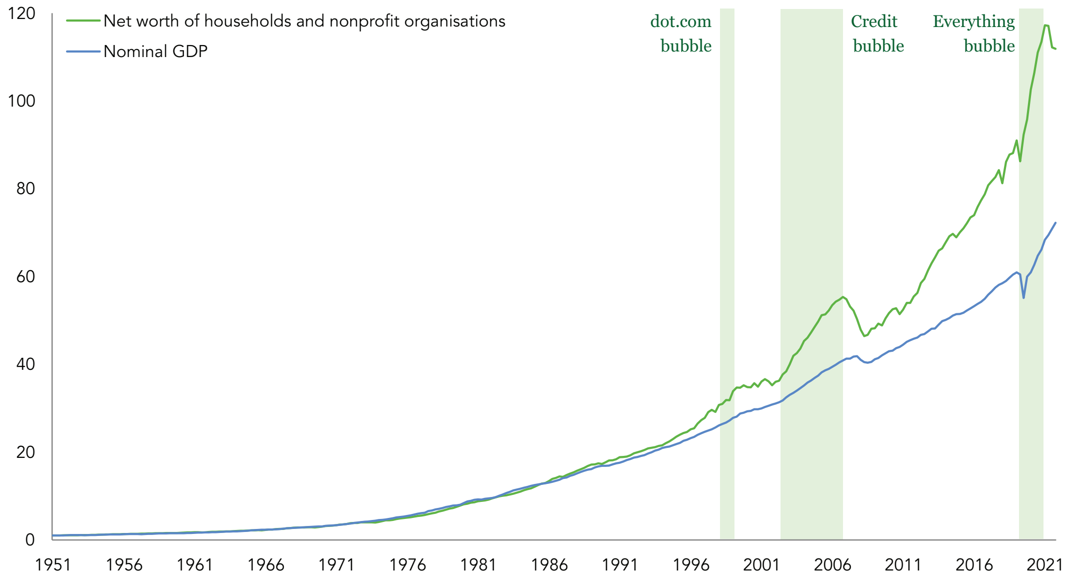
> *"Globalisation is almost dead and free trade is almost dead. A lot of people wish they would come back, but I don't think they will be back."*
>
> Morris Chang, founder, Taiwan Semiconductor Manufacturing Company (TSMC)

This quote from Morris Chang captures the tectonic changes in geopolitical and macroeconomic environments.

The world enjoyed 40 years of an economic order where globalisation brought us cheap goods, cheap energy, cheap labour and cheap capital.

Cheap goods from China's mercantilist policies. Cheap energy from OPEC and Russia. Cheap labour as globalisation brought two billion people into the global workforce and held down developed world wages. Combined, these three forces kept inflation low and geopolitics stable, meaning interest rates and risk premiums could also be low, resulting in, lastly, cheap capital. To say this was a tailwind for multi-national corporations and for asset prices is an understatement.

US HOUSEHOLD NET WORTH VERSUS US GDP

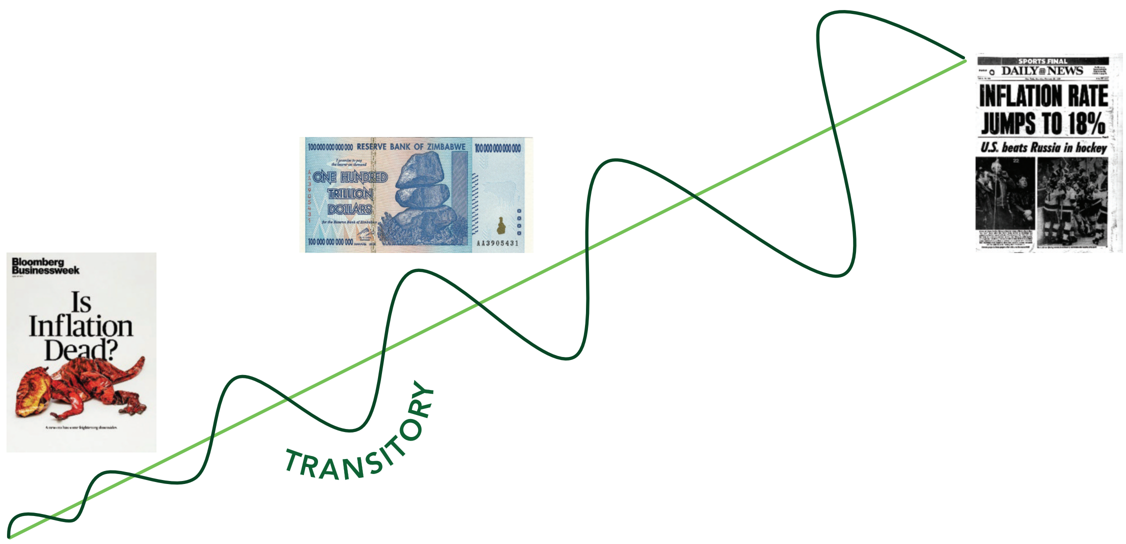


Source: US Bureau of Economic Analysis, Federal Reserve, FRED database, nominal USD. October 1951 rebased at 1, data to July 2022

That global order appears to have ended. The new global order is defined by great powers in geostrategic competition and the primacy of stakeholders over shareholders. The US is engaged in three wars simultaneously, a cold war against China, a hot war against Russia and an energy war against OPEC.

This splintering backdrop is the one which we think gives birth to the age of inflation volatility. We have discussed previously our expectation of higher economic growth volatility, inflation volatility and therefore market volatility. But we should not miss the bigger picture. The crude diagram below shows the journey we are on – we will try to navigate the oscillations of the inflationary and disinflationary impulses, but the inflationary destination remains crystal clear.

INFLATIONARY JOURNEY WILL NOT BE A STRAIGHT LINE

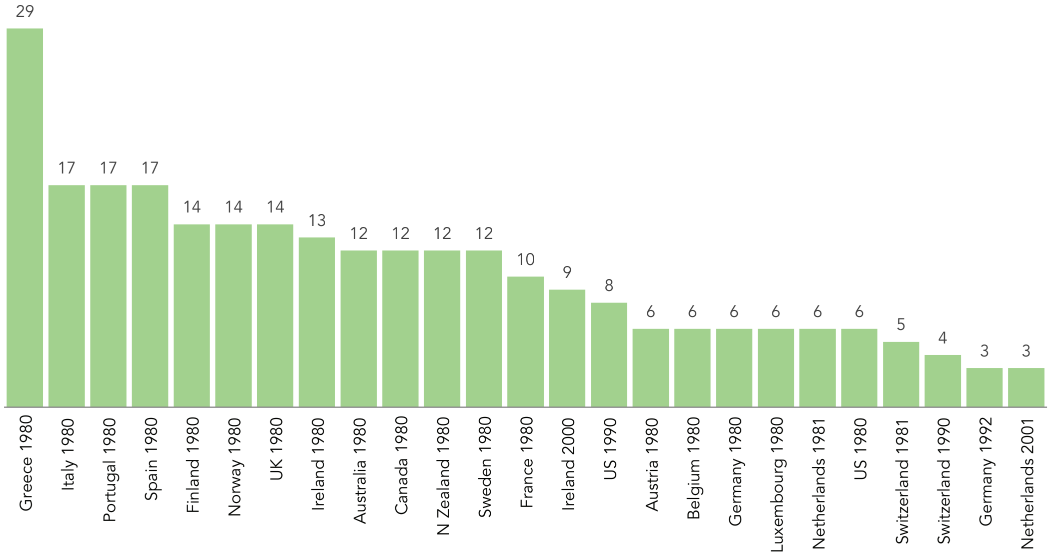


This model is important because we believe we are entering one of the disinflationary lurches in 2023. Those who are wedded to the old regime, or Team Transitory, will be keen to declare victory on inflation, pulling out their 2010's investing playbook once more. We believe that will ultimately be a mistake.

If the previous decade had 2% inflation on average with very little volatility around that, we expect the coming decade to have 3% or 4% average inflation but with much greater volatility. We won't just have an inflation problem; we will have an inflation uncertainty problem.

History is on our side; see the chart below from the IMF. It shows that once inflation is above 5%, a level reached in every developed nation excluding Japan in 2022, it takes on average a decade to drop back to 2%. The market and central banks are planning for this to happen far sooner, in just 18-24 months.

CASES OF INFLATION ABOVE 5% IN ADVANCED ECONOMIES 1980-2020, YEARS TO DECLINE TO 2%



Source: IMF and Bank of America Global Research

What causes the inflation volatility and the inflationary endgame?

Structural trends underpin higher average inflation. As a result of Cold War II, covid disruption and now the Ukraine war, trends like supply chain shortening, friend-shoring and re-shoring are becoming entrenched. These are secular trends not short-term decisions. No CEO wants to run out of inventory or be at the mercy of geopolitics. No politician wants to be seen going cap in hand to leaders like Putin, MBS or Xi. As Margaret Heffernan put it, “just in case over just in time”.

But if Fortune 500 companies are going to move production back to the US – safer, popular with voters and politicians – it poses several questions. Where will the necessary workers come from and at what hourly wage? The labour market is already extraordinarily tight before we start to bring jobs back home in the pursuit of national autonomy and resilience.

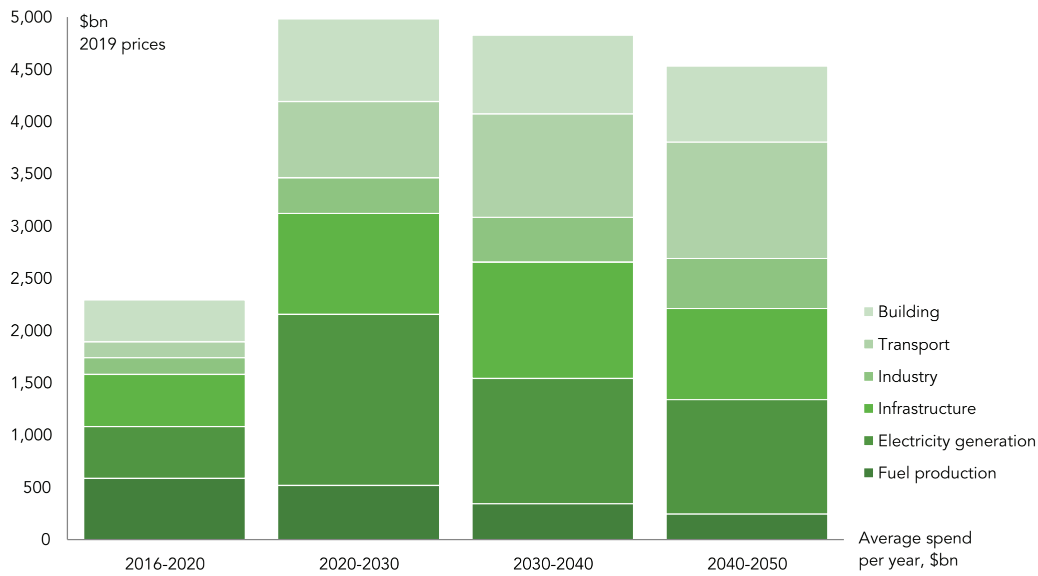
The policy response creates the inflation volatility. A feature of the post-covid landscape is a sense that we lurch from one emergency or crisis to another. With each crisis comes a popular clamour for the authorities to ‘do something’, resulting in a whack-a-mole solution of targeted monetary or fiscal policy. Governments around the world have developed a taste for interventionism. Two recent examples could be the almost universal approach of developed world governments to support consumers through the winter energy crisis, a demand-side fiscal policy to solve a supply-side problem. The second would be the Bank of England’s emergency interventions in the gilt market in the autumn, a monetary policy solution to a market problem. There will always be popular support for targeted government stimulus to tackle the big societal issues of the day; inequality, climate change and now the containment of the geopolitical aspirations of China and Russia. The problem is that, long term, most of these policies stoke the fires of inflation.

Big Society = Big Cheques

Government programs such as Levelling Up, Build Back Better, Green New Deal, or the ironically named Inflation Reduction Act, all require huge capital investment up front.

For example, the IEA estimates that achieving net zero by 2050 will require investment of around $4-5 trillion per annum globally (around 5-6% of global GDP).

INVESTMENT TO ACHIEVE NET ZERO EMISSIONS BY 2050



Source: IEA, Minack Advisors

This would put climate change investment ahead of education and defence and behind only social security and healthcare on most developed world spending budgets. The scale and urgency of this spending puts any notion of fiscal prudence to bed for the next few decades.

It points to a long-term trend of higher government deficits, higher taxes, and higher inflation. We don't think investors or governments are prepared for this.

The looming tension between governments and central banks

Gazing into our murky crystal ball for the 2020s we see an emerging dynamic where policymakers are constantly choosing the 'least worst' option between inflation pain and economic pain.

2022 was a year where inflation pain became so acute that they had to do something about it, raising rates aggressively.

2023 looks like a year where economic pain will reassert itself, perhaps pushing authorities to a point where they might have do something to fix it, even if that results in more inflationary policies.

There is a growing disconnect between the hawkish rhetoric of central banks and the actions of governments. Monetary policy is hitting the brakes, whilst fiscal policy pushes the accelerator as it tries to mitigate the grim consequences of rising prices through handouts. As economic growth deteriorates and the recession and cost of living crisis bites hard, we expect this tension to get worse. They are on a collision course.

In extremis, the tension reveals that central bank independence is a mirage. We liken their independence to the independence you might grant a teenage child. It is contingent on performance. Yes, of course, you can go out with your friends, here is some pocket money, but please be home by 10pm. If they don't come home by 10pm, independence is over.

When governments realise that central banks are aiming at one thing (a 2% inflation target) whilst they are aiming at another (getting re-elected), and those two are not compatible, the blurring of monetary and fiscal policy lines will accelerate. Current monetary policy, engineered by central bankers in pursuit of their mandate, is a policy that will be entirely politically unacceptable.

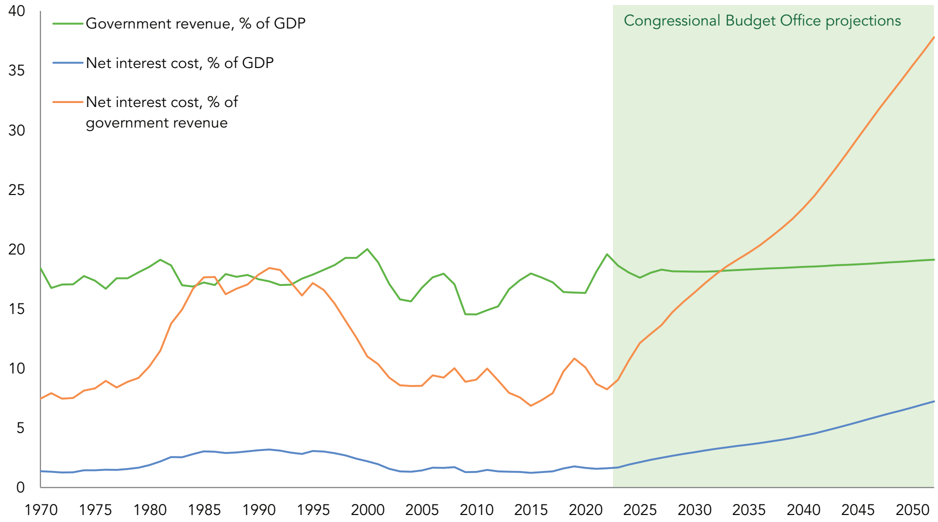
The politicisation of interest rates

How might this tension find resolution? We have said recently that central bankers are willing to sacrifice investor portfolios to achieve their policy goals. However, governments are not going to allow central banks to sacrifice the economy on the altar of a 2% inflation target that was arrived at almost arbitrarily by a guy from the Central Bank of New Zealand in a press conference, in the 1990s.

The longer we stay at rates of 4-5%, the more of the government's debt outstanding rolls over from low rates onto these newer higher rates. Even before the covid crisis, many countries were near record high debt service ratios at a time when interest rates were at thousand-year lows. Expect this to become a hot topic in the coming year.

For example, does Elizabeth Warren know that this year the US will spend $1 trillion on just the interest on the government debt? Or that on current Congressional Budget Office forecasts over one third of all tax receipts would be going to service bond holders – that is, banks, “the 1%”, and foreign institutions? It is not hard to imagine the calls for something to be done, perhaps starting with not paying interest on, or cancelling, the debt held by the Federal Reserve?

BY 2050, OVER ONE THIRD OF TAX DOLLARS WILL BE USED TO SERVICE THE DEBT PILE



> “Significant changes to tax and spending policy… required to put debt on a sustainable path”
>
> Congressional Budget Office

Source: Congressional Budget Office Projections. Data to October 2022

As we move towards the 2024 US presidential election campaign the political sinews will be straining to reframe the narrative.

Revoking central bank independence seems unlikely but a growing drumbeat of academic literature explaining that the 2% inflation target should perhaps be moved to 3% or explaining the benefits of a higher target would seem a natural progression. The move to average inflation targeting is a step in this direction. After all, policymakers spent a decade trying to create inflation and now it’s here it is having some positive effects – nominal GDP growth, bringing down house prices, stimulating wage growth, helping minority unemployment etc.

Whilst the headline inflation rate will surely be lower in six months’ time, we do not believe that central banks will be able to pull off an ‘immaculate disinflation’ or the ‘soft landing’. In other words, they will not be able to bring inflation down to target without inducing a significant recession. Do they have the strength of will, or the political mandate, to do that?

A year ago, in this report we said the key question was 'are central banks willing and/or able to tame inflation?'. That still stands, but the test of willingness gets harder as the economy deteriorates.

Zooming in – the picture for 2023

The push of high nominal GDP growth and accumulated lockdown savings are meeting the pull of higher interest rates, tighter financial conditions and a cost of living squeeze on global consumers. The probability of a global recession is rising. The US yield curve, normally upward sloping, is now the most inverted it has been in over 40 years.

The path we take from here depends on two key variables

1. The policy context
2. The resilience of earnings

Policy context

> *'Anybody who thinks that this is a pivot for the ECB is wrong'*
>
> Christine Lagarde, President of the European Central Bank

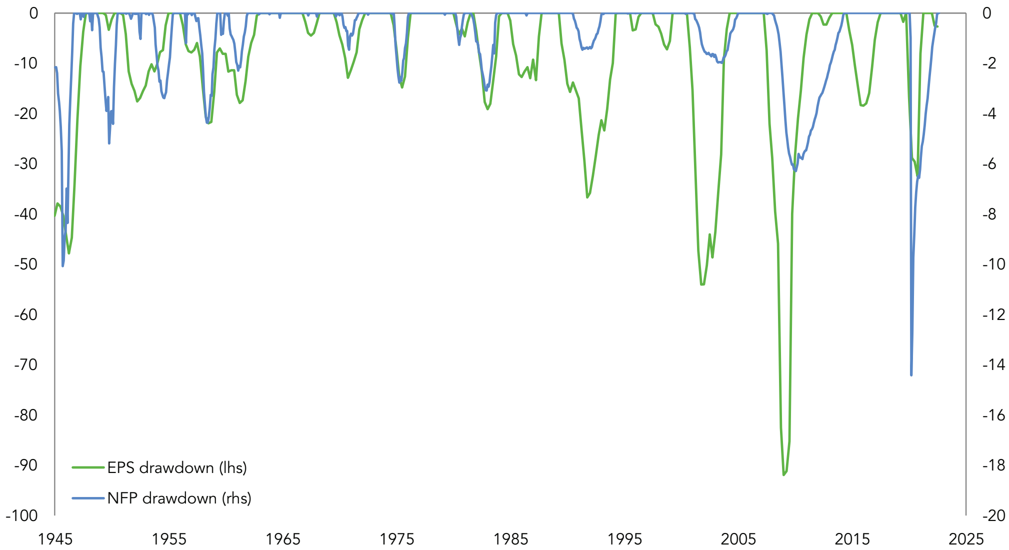
The lady is not for turning, yet the market cynically waits for a pause or pivot. We believe the chances of a pause (stopping) are high, the pivot (reversing course) does not happen unless markets or the economy deteriorate significantly.

The real pivot that needs to happen is in investor portfolios. Most are still over-indexed to equities and illiquid risks based on an asset allocation for a world that no longer exists. Too much risk, too US-centric and too focused on the winners of old regime. Every investment committee in the world should be debating their asset allocation in the context of a rebased risk-free rate at 4%. Why take risk when you don't have to? Our concern is a global, synchronised de-risking of investor portfolios.

The path for markets is dependent on policy choices, the difference to previous tightening cycles is that central bankers are now in re-active rather than pro-active mode. They are attempting to suppress a serious inflation outbreak rather than head off an incipient one. The setup compels aggressive action and our base case that they will be slower to revert to easing than the market assumes.

Fed policy will be guided by labour market data as much, if not more than, inflation data. The Fed cannot credibly declare victory over inflation with wage growth where it is. This is important because a decline in headline or core inflation driven by, say, falling energy or car prices may not be sufficient to change the outlook for Fed. The Fed is explicitly focused on cooling the labour market and is willing to tolerate higher unemployment to achieve their goals. This alone is anomalous; they are so far off target on their inflation goal that they are now forced to try to force job losses by tightening financial conditions. The problem is that, as the chart (below) shows, when payrolls fall (which is unemployment going up) corporate earnings always get smacked. There are no exceptions.

NON-FARM PAYROLLS AND S&P EPS DRAWDOWNS FROM PEAK



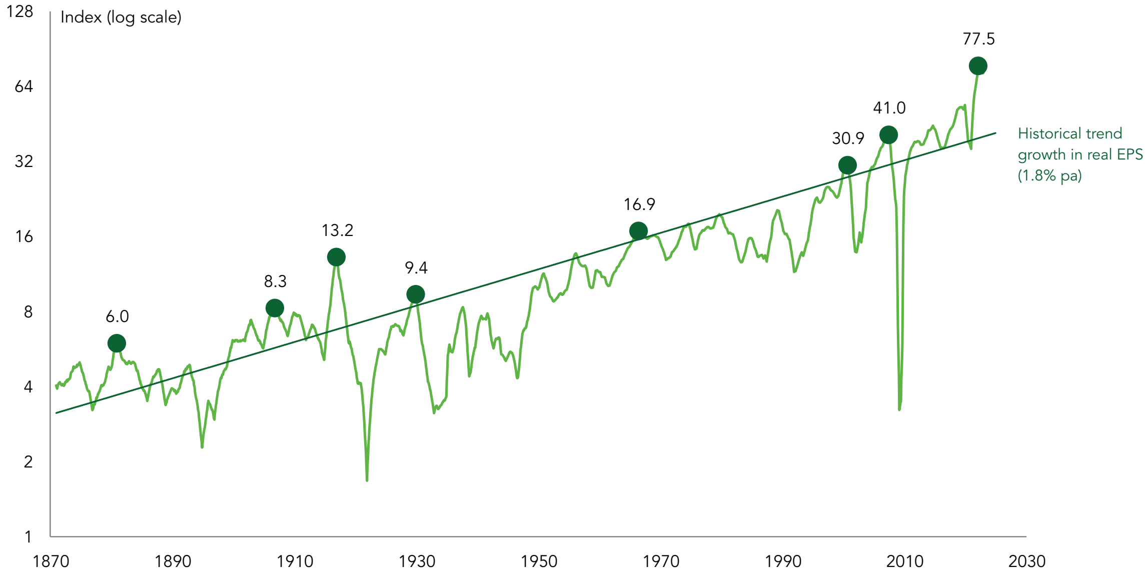
Source: S&P, BLS, NBER, Minack Advisors

The resilience of earnings

Earnings estimates are coming down for 2023, but still appear optimistic pricing in +4% for the S&P 500. There are two schools of thought on the shape of the earnings recession ahead.

First is that we have experienced an earnings bubble with real earnings and margins well above long-term trends due to pandemic and zero interest rate distortions (see chart below).

REAL S&P EPS



Source: S&P, Shiller, NBER, Minack Advisors. Numbers are the percentage gap between actual and trend EPS

An earnings bear market, just returning to trend, would be brutal. Furthermore, these problems could be exacerbated by macro factors such as higher energy costs, supply chain re-shoring, wages, labour hoarding, energy transition etc. Perhaps earnings may be more vulnerable than many think?

The second school of thought is that nominal growth will remain high even if we have a real recession – eg the economy grows by 4% but inflation is 5% and so it has shrunk in after-inflation terms. Therefore, revenue will remain more robust than in previous recessions. Earnings will fall less in this recession than in the deflationary recessions we have become accustomed to in recent decades. Furthermore, bank loan losses are underwritten by government guarantees, which also explicitly or implicitly limit financial sector losses.

Summary

A benign outcome in 2023 depends on an almost impossible trinity – a short and shallow recession, a rapid decline in inflation and an aggressive Fed pivot. Not impossible but it is hard to see how all three can come to pass. And all three are needed if a favourable market environment is to return quickly.

Why would inflationary pressures, so broad-based as we enter 2023, suddenly dissipate? And even if they do, won't that be because a recession has driven unemployment up meaningfully? How quickly can a Fed, so concerned about not being the Fed that let the inflation genie out of the

Ruffer Investment Company Limited

bottle, realistically reverse course? If the real economy is deteriorating fast enough to leave the Fed confident that inflation will drop like a stone, then why wouldn't investors also price in significant downside to corporate earnings, themselves artificially inflated by the peculiar post-pandemic rebound?

We don't have reasonable answers to these questions.

We go into the year set up for an uncomfortable ride. The first half of the year may be about an unusually durable US recovery, sticky inflation, and an even higher peak in the Fed Funds Rate. Alternatively, the market may be saved from further Fed hawkishness but only because the descent into recession happens earlier, and at greater speed, than seems probable at the end of 2022. Neither has a happy ending for investors.

The setup points to significant volatility as market participants grapple with narrative swings and shifting financial conditions. We recognise we will need to trade actively to preserve capital in these choppy waters. We stand ready to change our views as circumstances change. Rather than try to predict, it may be necessary to see events play out and respond to them. We maintain a highly liquid portfolio, ready to capitalise on opportunities the turmoil may create.

Our job at Ruffer is to assess the economic and market landscape, and then decide how much risk to take. We have a preoccupation with identifying the major downside threats and avoiding them. These periods are processes, not events. Asset markets are down, investors are impatient to buy the dip and return to money-making. These things take time, there was six months between Northern Rock and Bear Stearns and then a further six months before Lehman Brothers.

Today, our assessment is that this is a poor time to take risk. Patience and preparation are our watchwords and, in the meantime, for the first time in 14 years, you are paid a decent return to wait.

ASSET ALLOCATION AS AT 31 DECEMBER 2022

	%		%
Short-dated bonds	32.5	UK equities	6.1
Illiquid strategies and options	18.5	Oil exposure	3.1
Short-dated index-linked gilts	9.3	North America equities	2.9
Non-UK index-linked	9.2	Europe equities	1.8
Long-dated index-linked gilts	5.8	Japan equities	1.5
Gold exposure and gold equities	4.5	Asia ex-Japan equities	0.1
Cash	3.7	Other equities	1.0

Portfolio statement

as at 31 December 2022 (unaudited)

	Currency	Holding at 31 Dec 22	Fair value £	% of total net assets
Government bonds 56.55%				
(30 Jun 22: 36.42%)				
Non-UK index-linked bonds				
US Treasury inflation indexed bond 0.625% 15/04/2023	USD	64,880,000	63,730,559	5.67
US Treasury inflation indexed bond 0.125% 15/02/2051	USD	26,467,000	16,140,295	1.44
US Treasury inflation indexed bond 0.125% 15/04/2052	USD	40,156,000	22,936,094	2.04
Total non-UK index-linked bonds			102,806,948	9.15
Long-dated index-linked gilts				
UK index-linked gilt 0.125% 22/11/2065	GBP	9,000,000	11,297,539	1.01
UK index-linked gilt 0.125% 22/03/2068	GBP	19,020,000	24,999,190	2.22
UK index-linked gilt 0.125% 22/03/2073	GBP	25,423,000	28,455,978	2.53
Total long-dated index-linked gilts			64,752,707	5.76
Short-dated index-linked gilts				
UK index-linked gilt 0.125% 22/03/2024	GBP	70,000,000	104,190,138	9.27
Total short-dated index-linked gilts			104,190,138	9.27
Short-dated bonds				
Australia 5.5% 21/04/2023	AUD	41,765,000	23,700,507	2.11
Australia 2.75% 21/04/2024	AUD	42,000,000	23,499,966	2.09
Australia 0.25% 21/11/2024	AUD	36,200,000	19,242,986	1.71
Japan 0.005% 01/04/24	JPY	4,021,100,000	25,372,114	2.26
Japan 0.005% 01/05/24	JPY	4,396,400,000	27,737,942	2.47
Japan 0.005% 01/06/24	JPY	4,021,650,000	25,372,539	2.26
Japan 0.005% 01/07/24	JPY	3,509,750,000	22,138,317	1.97
US Treasury floating rate bond 31/10/2023	USD	84,262,000	69,769,466	6.21
US Treasury floating rate bond 31/01/2024	USD	94,391,600	78,086,531	6.95
US Treasury floating rate bond 31/10/2024	USD	59,051,000	48,805,165	4.34

	Currency	Holding at 31 Dec 22	Fair value £	% of total net assets
Total short-dated bonds			363,725,533	32.37
Total government bonds			635,475,326	56.55
Corporate bonds 0.15%				
(30 Jun 22: 0.22%)				
PFCLN 9.75% 15/11/2026	USD	3,600,000	1,681,956	0.15
Total corporate bonds			1,681,956	0.15
Equities 13.46%				
(30 Jun 22: 26.66%)				
Europe				
Banco Santander	EUR	520,000	1,290,217	0.11
Bank of Ireland	EUR	310,128	2,436,543	0.22
Bayer	EUR	20,000	859,318	0.08
Dassault Aviation	EUR	10,007	1,401,600	0.12
Groupe Bruxelles Lambert	EUR	17,900	1,181,923	0.11
Groupe Danone	EUR	23,600	1,028,622	0.09
Koninklijke Vopak	EUR	160,056	3,932,319	0.34
Novartis	CHF	12,850	967,673	0.09
Prosegur Cash	EUR	720,973	381,072	0.03
UPM-Kymmene	SEK	100,000	3,094,289	0.28
Vallourec	EUR	202,112	2,195,586	0.20
Vivendi	EUR	168,000	1,325,854	0.12
Total Europe equities			20,095,016	1.79
United Kingdom				
Admiral	GBP	65,042	1,389,297	0.12
Ashmore	GBP	496,682	1,189,057	0.11
BAE Systems	GBP	118,610	1,015,302	0.09
Balfour Beatty	GBP	381,800	1,288,957	0.11

	Currency	Holding at 31 Dec 22	Fair value £	% of total net assets
BP	GBP	3,700,000	17,571,300	1.56
Conduit	GBP	312,450	1,327,913	0.12
Grit Real Estate	GBP	3,743,544	1,123,063	0.10
Haleon	GBP	1,170,000	3,829,410	0.34
Hipgnosis Songs Fund	GBP	3,800,000	3,279,400	0.29
Jet2	GBP	200,800	1,924,467	0.17
Marks & Spencer	GBP	1,323,530	1,631,912	0.15
PRS REIT	GBP	2,500,000	2,212,500	0.20
Rolls-Royce Holdings	GBP	1,482,755	1,380,297	0.12
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	8,000,985	19,155,158	1.69
Science Group	GBP	231,248	878,742	0.08
Shell	GBP	170,000	3,954,200	0.35
Trident Royalties	GBP	7,557,947	3,778,974	0.34
Unilever	GBP	50,000	2,091,000	0.19
Total UK equities			69,020,949	6.13
North America				
Amazon.com	USD	25,259	1,755,566	0.16
American Express	USD	18,050	2,206,543	0.20
Berkshire Hathaway	USD	12,000	3,068,476	0.27
Booking Holdings	USD	610	1,017,397	0.09
Chesapeake Energy	USD	16,900	1,319,075	0.12
Cigna	USD	9,753	2,674,710	0.24
Coherent	USD	27,152	788,516	0.07
Coty A	USD	308,792	2,185,030	0.19
Exxon Mobil	USD	19,600	1,789,354	0.16
General Electric	USD	8,500	589,436	0.05
General Motors	USD	43,400	1,207,930	0.11

	Currency	Holding at 31 Dec 22	Fair value £	% of total net assets
Godaddy A	USD	20,663	1,279,317	0.11
Jackson Financial	USD	71,088	2,046,803	0.18
M & T Bank	USD	12,600	1,512,355	0.13
Meta Platforms	USD	37,466	3,731,406	0.33
Noble	USD	18,800	586,732	0.05
Pfizer	USD	27,500	1,166,411	0.10
Ryanair ADR	USD	46,097	2,030,073	0.18
Synchrony	USD	78,699	2,140,238	0.19
Total North America equities			33,095,368	2.93
Japan				
Fujitsu	JPY	35,000	3,887,269	0.35
Mitsubishi Electric	JPY	360,000	2,983,984	0.27
Mitsubishi UFJ Financial	JPY	1,000,000	5,606,882	0.49
Sony	JPY	70,000	4,430,604	0.39
Total Japan equities			16,908,739	1.50
Asia (ex-Japan)				
Weiss Korea Opportunity Fund	GBP	800,000	1,416,000	0.13
Total Asia (ex-Japan) equities			1,416,000	0.13
Other equities				
AMBEV ADR	USD	1,051,944	2,368,027	0.21
Renn Universal Growth Trust	GBP	937,500	0	0.00
Taylor Maritime Investments	GBP	3,471,046	3,123,941	0.28
Tufton Oceanic Assets	USD	2,562,500	2,417,653	0.22
Yellow Cake	GBP	800,000	2,995,200	0.27
Total other equities			10,904,821	0.98
Total equities			151,440,893	13.46

	Currency	Holding at 31 Dec 22	Fair value £	% of total net assets
Oil exposure 3.13%				
(30 Jun 22: 0.00%)				
Wisdomtree Brent Crude Oil	USD	915,000	35,167,260	3.13
Total oil exposure			35,167,260	3.13
Gold and gold equities 4.46%				
(30 Jun 22: 8.17%)				
Ishares Physical Gold	USD	822,000	24,113,043	2.15
LF Ruffer Gold Fund*	GBP	10,425,322	25,921,428	2.31
Total gold and gold equities			50,034,471	4.46
Credit protection and options 18.53%				
(30 Jun 22: 17.99%)				
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	74,190,664	75,835,026	6.75
Ruffer Protection Strategies*	GBP	12,080,157	132,351,412	11.78
Total credit protection and options			208,186,438	18.53
Total investments			1,081,986,344	96.28
Cash and other net current assets			41,750,815	3.72
			1,123,737,159	100.00

* Ruffer Protection Strategies International and Ruffer Illiquid Multi Strategies Fund 2015 Ltd are classed as related parties as they share the same Investment Manager (Ruffer AIFM Limited) as the Company. LF Ruffer Gold Fund and Ruffer SICAV Global Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.

Appendix

Regulatory performance data

To 31 Dec %	†2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
RIC NAV TR	8.9	14.0	0.1	6.0	23.8	15.1	16.5	0.7	3.4	9.5
FTSE All-Share TR	12.3	22.0	16.8	5.3	-29.9	30.1	14.5	-3.5	12.3	20.8
Twice UK Bank Rate	9.9	9.4	11.0	11.2	3.4	1.0	1.0	1.0	9.9	1.0

To 31 Dec %	2014	2015	2016	2017	2018	2019	2020	2021	2022	Annualised
RIC NAV TR	1.8	-1.0	12.4	1.6	-6.0	8.4	13.5	11.4	8.0	7.8
FTSE All-Share TR	1.2	1.0	16.8	13.1	-9.5	19.2	-9.8	18.3	0.3	7.2
Twice UK Bank Rate	1.0	1.0	1.0	0.5	1.0	1.5	0.5	0.2	3.0	3.2

† From July 2004

Source: Ruffer, Bloomberg, FTSE International. Please note that past performance is not a reliable indicator of future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange. Calendar quarter data has been used up to the latest quarter end. This document is issued by Ruffer AIFM Limited (RAIFM), 80 Victoria Street, London SW1E 5JL. Ruffer LLP and Ruffer AIFM Limited are authorised and regulated by the Financial Conduct Authority. Ruffer AIFM is a wholly owned subsidiary of Ruffer LLP. © RAIFM 2022 © Ruffer LLP 2023.

This document, and any statements accompanying it, are for information only and are not intended to be legally binding. Unless otherwise agreed in writing, our investment management agreement, in the form entered into, constitutes the entire agreement between Ruffer and its clients, and supersedes all previous assurances, warranties and representations, whether written or oral, relating to the services which Ruffer provides.

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of RAIFM at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. RAIFM has not considered the suitability of this investment against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The portfolio data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in this product. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts. The Key Information Document is provided in English and available on request or from ruffer.co.uk.