

# Ruffer Investment Company Limited

An alternative to alternative asset management



October 2019 Issue 173

During October, the net asset value of the Company declined by 1.3%. This compares with a fall of 1.4% in the FTSE All-Share index.

October saw a continuation of many of the trends from September. The storm clouds that had gathered over the summer months continued to clear, even if only temporarily. There now appears to be a path to a Brexit deal, Presidents Xi and Trump appear to be making headway in trade negotiations and the US Federal Reserve is providing enough liquidity to markets. This resulted in a positive return for most asset classes, depending on their base currency. The outcome was markedly different for the sterling investor, with the pound's appreciation of 5% creating a significant headwind.

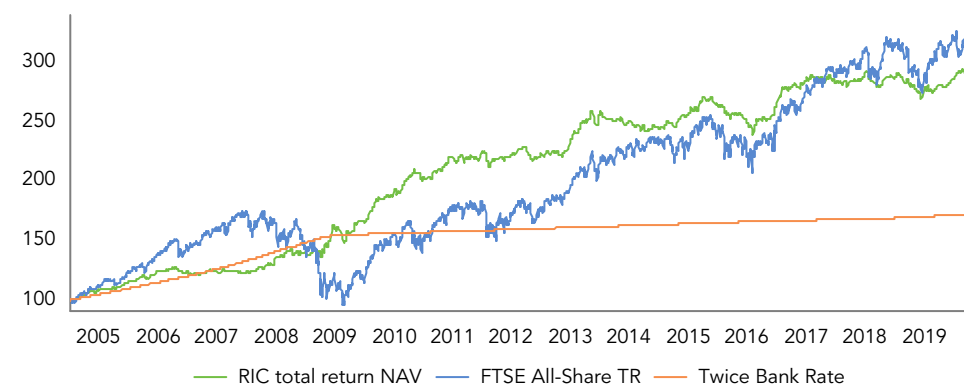
Despite this improvement in sentiment, many market participants remain almost certain we are heading into a global recession. The New York Federal Reserve calculates the bond market apportion a 40% probability of a recession – the same reading as in 2007/2008. Should recessionary fears prove founded, bonds will help, but not much, gold may prove better. Defensive equities may assist, but they are already expensive. We believe the answer lies in the unconventional assets in the portfolio, the strategies that are designed to appreciate in value if real cracks are seen in the economy and thus provide meaningful protection against economic recession. This underlines our determination genuinely to protect clients' capital, even though holding such assets can sometimes feel uncomfortable. In the meantime, and while we wait, we must consider the possibility the world does not tip into recession, or does so only briefly. It is here the portfolio's equities – many of them out of favour merely for the sin of doing business in the real economy – will play a strong role as their reliable cashflows come back into favour.

Closer to home, with a Brexit deal negotiated and an imminent election, it is possible UK-specific risks could clear abruptly. This has informed our recent increase in domestic UK equities: absent political noise sterling would likely continue to strengthen, and global bond yields may continue to rise. Equities (such as Lloyds or Land Securities) will no longer carry a leper's bell, and will have the added advantage of protecting the inflation-linked bonds in the portfolio.

## Investment objective

The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate by investing predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

## Performance since launch on 8 July 2004



Performance %	October 2019	Year to date	1 year	3 years	5 years	10 years
Total return NAV	-1.3	6.0	2.4	1.7	14.9	55.8
Share price TR <sup>1</sup>	-2.1	5.4	-3.5	-4.1	14.7	45.7

<sup>1</sup>Assumes re-investment of dividends

Percentage growth in total return NAV	%	As at 31 October 2019	p
30 Sep 2018 – 30 Sep 2019	1.5	Share price	217.00
30 Sep 2017 – 30 Sep 2018	1.5	Net Asset Value (NAV) per share	226.37
30 Sep 2016 – 30 Sep 2017	1.6	Premium/discount to NAV	-4.1
30 Sep 2015 – 30 Sep 2016	10.0	NAV total return since inception <sup>2</sup>	187.6
30 Sep 2014 – 30 Sep 2015	1.5	Standard deviation <sup>3</sup>	1.82
		Maximum drawdown <sup>3</sup>	-8.62

Source: Ruffer LLP, FTSE International (FTSE) †

<sup>2</sup>Including 38.1p of dividends <sup>3</sup>Monthly data (total return NAV)

# Ruffer Investment Company Limited as at 31 Oct 2019

## Asset allocation



### Asset allocation

	%
Non-UK index-linked	21.3
Cash	9.6
Long-dated index-linked gilts	8.9
Illiquid strategies and options	8.5
Gold and gold equities	7.5
Short-dated bonds	3.7
Index-linked gilts	0.6

## Currency allocation



### Currency allocation

	%
Sterling	77.1
Yen	7.9
Gold	7.5
US dollar	3.3
Euro	2.7
Other	1.5

## 10 largest of 52 equity holdings\*

Stock	% of fund
Walt Disney Company	2.3
Tesco	2.1
Celgene Corporation	1.7
General Motors	1.5
Sony	1.4
Ocado	1.3
ExxonMobil	1.1
Nomura Real Estate	1.1
Foot Locker	1.1
Fujitsu	1.0

## 5 largest of 12 bond holdings

Stock	% of fund
US Treasury 0.625% TIPS 2021	4.8
UK Treasury index-linked 0.125% 2068	4.7
UK Treasury index-linked 0.375% 2062	4.2
US Treasury 0.125% TIPS 2021	4.1
US Treasury 0.125% TIPS 2020	3.8

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £409.3m Market capitalisation £392.3m Shares in issue 180,788,420

## Company information

Annual management charge (no performance fee)	1.0%
Ongoing Charge Ratio*	1.13%
Ex dividend dates	March, September
NAV valuation point	Weekly, every Tuesday and the last business day of the month
Stock ticker	RICA LN
ISIN	GB00B018CS46
SEDOL	B018CS4
Administrator	Praxis Fund Services Limited
Custodian	Northern Trust (Guernsey) Limited
Company structure	Guernsey domiciled limited company
Share class	£ sterling denominated preference shares
Listing	London Stock Exchange
NMPI status	Excluded security
Wrap	ISA/SIPP qualifying
Discount management	Share buyback Discretionary redemption facility

\* Audited as at June 2019

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## Fund Managers

### Hamish Baillie

INVESTMENT DIRECTOR

A graduate of Trinity College Dublin, he joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP and is a director of Ruffer (Channel Islands) Limited. He is a member of the Chartered Institute for Securities & Investment.



### Duncan MacInnes

INVESTMENT DIRECTOR

Joined Ruffer in 2012. He graduated from Glasgow University School of Law in 2007 and spent four years working at Barclays Wealth and Barclays Capital in Glasgow, London and Singapore. Duncan is a CFA charterholder.



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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts. The Key Information Document is provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk).

## Enquiries

Ruffer AIFM Ltd	+44 (0)20 7963 8254
80 Victoria Street	<a href="mailto:rif@ruffer.co.uk">rif@ruffer.co.uk</a>
London SW1E 5JL	<a href="http://www.ruffer.co.uk">www.ruffer.co.uk</a>

## Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 September 2019, assets managed by the group exceeded £20.4bn.