

Ruffer Investment Company Limited

An alternative to alternative asset management



November 2019 Issue 174

During November, the net asset value of the Company rose by 0.1%. This compares with a rise of 2.2% in the FTSE All-Share index.

At Ruffer, we recently marked our 25th anniversary of managing investments for our clients. Over the quarter century since we were founded, we have broadly succeeded in our twin aims of avoiding losing money in the big market collapses (notably 2000-2003 and 2008) and delivering a decent return over and above that of cash (currently compounding at 8% pa over 25 years). This outcome has been achieved by steadfastly adhering to our investment philosophy of always holding a combination of both 'fear' and 'greed' assets in our portfolios.

The greed assets are relatively self-explanatory. They consist largely of equities, though we often shun the more expensive and crowded areas of the stock market that turn out to be the cause of maximum damage when markets reverse.

The fear side of the equation is less straightforward and of course changes with each market cycle. In essence we seek to invest in those assets that investors will panic into when times get truly difficult. Such assets will normally be dull, or even costly, in the good times, but have successfully delivered for us in each major market downturn. In 1999-2000 it was long-dated conventional bonds (and no tech stocks) that protected our investors, whilst in 2008 it was Swiss government bonds and the yen. Today it is index-linked bonds, gold and credit protections that we believe will do the job when markets break.

Such an approach can be harder to execute in the rare periods when both greed and fear assets rise in tandem, as has occurred this year. 2019 has seen strong returns not only from equities, but also gold and long duration inflation-linked bonds. Such a situation cannot last, you cannot both have your cake and eat it, despite the blandishments of politicians, and accordingly we have adjusted our portfolios to reflect this. We have taken some profits in gold mining stocks, and similarly, after making significant gains from index-linked gilts earlier this year, we took some profits here too, thereby reducing the overall duration of our portfolios. Supporting this move is an appreciation that a Conservative victory in the coming election, combined with some relief at avoiding a 'no deal' Brexit, plus a likely fiscal boost to the domestic economy, could see both sterling and gilt yields rise, at least temporarily.

Following these tactical adjustments, we remain confident that we still hold sufficient protection to preserve investors' capital should markets fall precipitously, or indeed should current polls prove misleading and a very different government is elected. In the meantime, by holding close to 40% in equities (often those in more economically sensitive areas) we should be able to make money if markets continue to gorge on 'cake'.

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 %	November 2019	Year to date	1 year	3 years	5 years	10 years
Total return NAV	0.1	6.1	4.5	3.3	12.3	52.5
Share price TR ¹	0.0	5.4	-0.2	-3.3	9.3	42.6

¹Assumes re-investment of dividends

Percentage growth in total return NAV	%	As at 29 November 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	226.50
30 Sep 2016 – 30 Sep 2017	1.6		%
30 Sep 2015 – 30 Sep 2016	10.0	Premium/discount to NAV	-4.2
30 Sep 2014 – 30 Sep 2015	1.5	NAV total return since inception ²	187.7
		Standard deviation ³	1.82
		Maximum drawdown ³	-8.62

Source: Ruffer LLP, FTSE International (FTSE) †

²Including 38.1p of dividends ³Monthly data (total return NAV)

Ruffer Investment Company Limited as at 29 Nov 2019

Asset allocation



Asset allocation %

● Non-UK index-linked	21.3
● Cash	10.2
● Long-dated index-linked gilts	8.7
● Illiquid strategies and options	8.0
● Gold and gold equities	7.0
● Short-dated bonds	3.7
● Index-linked gilts	0.6

● UK equities	14.9
● North America equities	12.5
● Japan equities	9.5
● Europe equities	3.2
● Asia ex-Japan equities	0.4

Currency allocation %

● Sterling	79.0
● Yen	11.3
● Gold	7.0
● Euro	2.0
● Other	0.7

Currency allocation



10 largest of 53 equity holdings*

Stock	% of fund
Walt Disney Company	2.7
Tesco	2.0
General Motors	1.5
Sony	1.5
Lloyds Banking Group	1.4
Ocado	1.3
ArcelorMittal	1.2
ExxonMobil	1.2
Nomura Real Estate	1.1
Fujitsu	1.1

5 largest of 12 bond holdings

Stock	% of fund
US Treasury 0.625% TIPS 2021	4.8
UK Treasury index-linked 0.125% 2068	4.6
UK Treasury index-linked 0.375% 2062	4.1
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 £409.5m 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.

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Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2019, assets managed by the group exceeded £20.1bn.