

# Ruffer Investment Company Limited

An alternative to alternative asset management



December 2019 Issue 175

During December the net asset value of the Company rose by 2.2%. This compares with a rise of 3.3% in the FTSE All-Share index. During the year the Company's NAV rose by 8.4% on a total return basis. This is in line with our long term average and has been achieved while carrying a significant amount of protection in the portfolio.

One of the notable changes in recent years has been the relentless flow of shocking news events. It is scarcely believable that in a single month we could witness the impeachment of a US president, a decisive political shift in the UK General Election, the announcement of a new head of the Bank of England, the agreement of a trade deal between the world's two largest economies and a possible reinterpretation of the mandate of the world's most influential central bank. And yet all these events occurred in December alone. What is more, investors have become immune to this level of sensational activity to such an extent that markets hardly flinched in either direction. For better or worse, these are truly medicated markets, driven by liquidity flows more than fundamentals.

We had already hedged much of our overseas currency exposure prior to December and this insulated the portfolio from further sterling strength in the run up to and aftermath of the Tory election victory. Furthermore, the 35% reduction in the duration of the index-linked book, after a strong run through the summer, has helped. While focus will quickly shift to the mechanics of a UK/EU trade deal, the UK economy looks set to benefit from greater political certainty and forward momentum on Brexit. This will draw in capital, which had been sidelined while global investors waited to see which way the cards would fall in the election. We should expect to see a pick-up in corporate activity and probably rising consumer confidence even if the fiscal boost takes longer to come through. UK assets look cheap in an expensive world even after the post election bounce. In recent months, we have been adding to UK equities which now represent the portfolio's largest geographical equity allocation. These holdings contributed strongly to December's performance.

Looking forward, while we see opportunities in equity markets, we worry about the combination of highly indebted corporates and consumers, widespread insouciance on inflation and growing concerns about liquidity mismatches. A year ago no one thought that markets would rise in the coming year and now no one thinks that they can fall. We remain positioned to protect and grow our investors' assets in either outcome.

## 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 %	December 2019	Year to date	1 year	3 years	5 years	10 years
Total return NAV	2.2	8.4	8.4	3.5	15.2	56.8
Share price TR <sup>1</sup>	3.4	8.9	8.9	-0.8	11.0	47.1

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

Percentage growth in total return NAV	%	As at 31 December 2019	p
31 Dec 2018 – 31 Dec 2019	8.4	Share price	225.00
31 Dec 2017 – 31 Dec 2018	-6.0	Net Asset Value (NAV) per share	231.40
31 Dec 2016 – 31 Dec 2017	1.6	Premium/discount to NAV	-2.8
31 Dec 2015 – 31 Dec 2016	12.4	NAV total return since inception <sup>2</sup>	194.0
31 Dec 2014 – 31 Dec 2015	-1.0	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 Dec 2019

## Asset allocation



## Asset allocation %

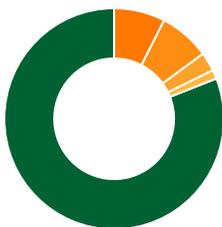
● Non-UK index-linked	20.4
● Cash	10.0
● Long-dated index-linked gilts	8.3
● Illiquid strategies and options	7.9
● Gold and gold equities	7.5
● Short-dated bonds	3.6
● Index-linked gilts	0.6

● UK equities	16.7
● North America equities	11.6
● Japan equities	9.4
● Europe equities	3.1
● Asia ex-Japan equities	1.0

## Currency allocation %

● Sterling	80.8
● Yen	7.5
● Gold	7.5
● Euro	2.7
● US dollar	0.1
● Other	1.4

## Currency allocation



## 10 largest of 51 equity holdings\*

Stock	% of fund
Walt Disney Company	2.5
Lloyds Banking Group	2.3
Tesco	2.2
Sony	1.5
Royal Bank of Scotland	1.5
General Motors	1.5
Ocado	1.2
International Consolidated Airlines	1.2
ArcelorMittal	1.2
ExxonMobil	1.1

## 5 largest of 12 bond holdings

Stock	% of fund
US Treasury 0.625% TIPS 2021	4.7
UK Treasury index-linked 0.125% 2068	4.3
UK Treasury index-linked 0.375% 2062	3.9
US Treasury 0.125% TIPS 2021	3.9
UK government 2.0% 2020	3.6

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £418.4m Market capitalisation £406.8m Shares in issue 180,788,420

## Company information

Annual management charge (no performance fee)	1.0%
Ongoing Charge Figure*	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).

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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 30 Nov 2019, assets managed by the group exceeded £19.8bn.