

# Ruffer Investment Company Limited

An alternative to alternative asset management



November 2020 Issue 186

During November, the net asset value of the Company rose by 5.2%. This compares with an increase of 12.7% in the FTSE All-Share index.

The arrival of Pfizer's efficacy figures for its vaccine on 9 November saw what Jon Dye, our Head of Research, memorably referred to as an "up-crash" in markets and indeed it was one of the most extraordinary days in stock index history. The momentum factor, a popular algorithmic trading strategy that buys the best-performing stocks, whilst going short of the worst-performing stocks, fell by 24% – an eight standard deviation event. Over the month as a whole, the MSCI World equity index (like many others) saw its strongest return (+12.2%) since 1987; for the storied Dow Jones index in the US it was the fourth best month since the Great Depression era (+11.8%).

The Company's average equity position performed similarly strongly rising over 15%, reflecting our ongoing tilt towards recovery-sensitive value stocks. Our equities overall contributed 5.9% to the monthly performance. On the other side of the ledger were those protective assets that performed so strongly in the down-crash of March: options (-0.3%) and gold (-0.5%). The damage here has been limited by profit-taking in recent months.

Conspicuous by its absence from these statistics is the bond market. Bond yields hardly reacted in November. Their progress from here is of enormous importance for asset prices. Equity markets are racing to assert that the vaccine allows the investor a line of sight to strong economic growth in 2021. If bond markets come to share this view, then yields could rise steeply. This would undermine the central foundation of high asset prices. Gold, growth stocks and credit would all suffer. Few assets would benefit with value stocks, especially energy and financial stocks being the exception. These are well represented in the portfolio. If, instead, the US Federal Reserve succeeds in capping bond yields, while taking a relaxed stance on rising inflation, then initially all asset classes may benefit, with the notable exception of the US dollar. Commodities and inflation-linked bonds will likely be at the forefront.

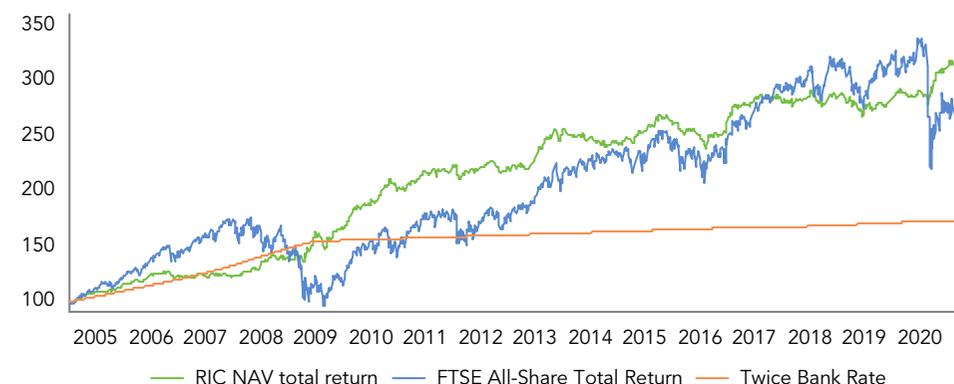
So where now for markets and the Company? Conscious of the economic reality on the ground, the portfolio is protected against a deflationary default cycle with the credit protection strategies that performed so well in March. Our greater conviction, however, is that governments will continue to rely on the now trusted 'More Money Today' strategy of fiscal and monetary stimulus, making today's lockdowns yesterday's concern. The vaccines allow equity markets to see a bridge to a brighter world, just over the horizon. If this is right, then value stocks will have their day in the sun, before the hangover of dealing with the financial cost of the pandemic is truly addressed through financial repression. Our equity exposure is designed to benefit from this interlude and the index-linked bonds are there for the aftermath.

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to 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.

## 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 %	Net Asset Value	Share price	As at 30 November 2020	p
November 2020	5.2	4.1	<b>Share price</b>	<b>246.50</b>
Year to date	11.1	9.7	<b>Net Asset Value (NAV) per share</b>	<b>255.07</b>
1 year	13.5	13.4		%
3 years	14.6	8.6	Premium/discount to NAV	-3.4
5 years	27.2	22.2	NAV total return since inception <sup>2</sup>	224.7
10 years	52.5	41.8	Standard deviation <sup>3</sup>	1.89
			Maximum drawdown <sup>3</sup>	-8.62

Performance calculated on a total return basis (including reinvestment of income)  
<sup>2</sup>Including 40.0p of dividends <sup>3</sup>Monthly data (total return NAV)

12 month performance to September 2020 %	2016	2017	2018	2019	2020
RIC NAV total return	10.0	1.6	1.5	1.5	8.2
FTSE All-Share Total Return	16.8	11.9	5.9	2.7	-16.6
Twice Bank Rate	0.9	0.5	1.0	1.4	0.8

Source: Ruffer LLP, FTSE International (FTSE) †

# Ruffer Investment Company Limited as at 30 Nov 2020

## Asset allocation



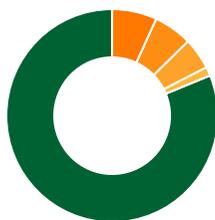
## Asset allocation %

● Non-UK index-linked	22.8
● Illiquid strategies and options	9.6
● Long-dated index-linked gilts	9.6
● Cash	8.4
● Gold and gold equities	6.7
● Index-linked gilts	3.1
● UK equities	17.6
● North America equities	9.1
● Japan equities	8.2
● Europe equities	3.9
● Asia ex-Japan equities	0.8

## Currency allocation %

● Sterling	81.1
● Gold	6.7
● US dollar	6.0
● Yen	4.7
● Euro	0.1
● Other	1.4

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	2.5
Tesco	1.5
Walt Disney	1.3
NatWest Group	1.3
Royal Dutch Shell	1.2
BP	1.1
American Express	1.1
Vinci	1.0
Barclays	1.0
Countryside Properties	1.0

## 5 largest bond holdings

Stock	% of fund
US Treasury 1.75% TIPS 2028	5.4
UK Treasury index-linked 0.125% 2068	5.2
UK Treasury index-linked 0.375% 2062	4.4
UK Treasury index-linked 1.875% 2022	3.1
US Treasury 0.875% TIPS 2029	2.9

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £461.1m Market capitalisation £445.6m Shares in issue 180,788,416

## Company information

Annual management charge (no performance fee)	1.0%		
Ongoing Charges Figure*	1.08%		
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		
Broker	Investec		
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		

\* As at 30 June 2020

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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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## Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2020, assets managed by the group exceeded £19.6bn.