

Investment monthly report

Released 17:10 7 October 2019

Ruffer Investment Company Limited

(a closed-ended investment company incorporated in Guernsey with registration number 41996)

LEI 21380068AHZKY7MKNO47

Attached is the investment monthly report for September 2019.

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# Ruffer Investment Company Limited

An alternative to alternative asset management



September 2019 Issue 172

During September, the net asset value of the Company fell by 0.6% (after allowing for the dividend of 0.9p declared on 19 September). This compares with a rise of 3% in the FTSE All-Share index.

Following the release of our report and accounts we are able to update the audited ongoing charges figure. We are pleased to note that thanks to the efforts of the board the expense ratio has dropped from 1.18% to 1.13%.

September's moves unwound much of the damage done in August's market move. The Company finished the first nine months of 2019 with an appreciation of 7.6% – a reasonable outcome when viewed in the context of a portfolio which is positioned defensively and has carried protective assets through a benign period for markets.

Everywhere politicians, policymakers and actors on the global stage may be pushing things too far. Peggy Noonan in the Wall Street Journal suggested that 'everyone now making decisions grew up in the past sixty years, a time of historic wealth creation, human growth and relative stability... they think this is normal... in this cynical age they've grown too trusting of good fortune.'

This blind faith that, no matter what the risks, everything will work out alright is prevalent in many places. It is in Trump's insouciance, in parts of the Brexit debate and in the Hong Kong and *gilet jaune* protests where, after initial success, the protesters have been emboldened to push for more.

In the investment sphere examples abound of things being taken too far. We have opined before about the dangers lurking in the venture capital unicorns. Some of these businesses will change the world, most will not. New era thinking cannot obfuscate the numbers indefinitely. WeWork's IPO flop was an example of corporate governance, jargon and a valuation which went beyond the pale.

The future is an uncertain place and yet there is a central thread to these diffuse stories; none of these protagonists has allowed any room for doubt. Each is playing a winner-takes-all strategy.

Due to the binary nature of many of these issues: Brexit, deal or no deal, China, trading partner or strategic adversary, US elections, free marketeer or an anti-capitalist; it is plausible that markets are struggling to discount or weigh events accurately. This makes the current situation brittle with markets likely to respond sharply up or down when events break one way or the other. We only need to look at the Argentine stockmarket's one day fall of 37% for an extreme example of this path dependency. One day everything was fine, the next it wasn't.

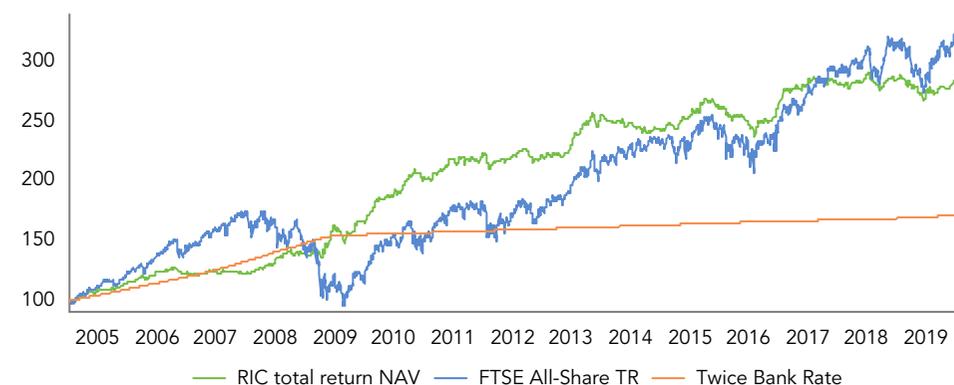
By nature we have an ardour for ambiguity. Our portfolio construction hinges around accepting that we do not possess a crystal ball and we deliberately build a collection of offsetting assets which will be robust, and hopefully thrive, under the full range of potential outcomes.

On 31 October 2019, Steve Russell is stepping down as one of the fund managers for the Ruffer Investment Company. Hamish Baillie and Duncan MacInnes will continue to manage the Company's investment portfolio. Steve has been a fund manager for the Company since inception in 2004 and will remain part of the wider investment process at Ruffer.

## 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 %	September 2019	Year to date	1 year	3 years	5 years	10 years
Total return NAV	-0.6	7.6	1.8	5.0	17.2	58.0
Share price TR <sup>1</sup>	-0.7	7.6	-1.9	0.6	17.5	43.8

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

Percentage growth in total return NAV	%	As at 30 September 2019	p
30 Sep 2018 – 30 Sep 2019	1.8	Share price	222.00
30 Sep 2017 – 30 Sep 2018	1.5	Net Asset Value (NAV) per share	229.32
			%
30 Sep 2016 – 30 Sep 2017	1.6	Premium/discount to NAV	-3.2
30 Sep 2015 – 30 Sep 2016	10.0	NAV total return since inception <sup>2</sup>	190.0
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 30 Sep 2019

NAV £414.6m Market capitalisation £401.4m Shares in issue 180,788,420

## Asset allocation

## Currency allocation



## Asset allocation %

Long-dated index-linked gilts	12.9
Non-UK index-linked	12.1
Short-dated bonds	10.0
Cash	8.7
Illiquid strategies and options	8.1
Gold and gold equities	8.0
Index-linked gilts	0.4

North America equities	14.0
UK equities	11.5
Japan equities	9.9
Europe equities	3.5
Asia ex-Japan equities	1.0

## Currency allocation %

Sterling	79.5
Gold	8.0
Yen	7.7
Euro	2.7
US dollar	1.4
Other	0.7

## 10 largest of 50 equity holdings\*

Stock	% of fund
Walt Disney Company	2.8
Tesco	2.4
Sony	1.7
Celgene Corporation	1.7
Vivendi	1.5
Ocado	1.4
ExxonMobil	1.3
Bandai Namco	1.3
General Electric	1.1
Nomura Real Estate	1.1

## 5 largest of 15 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.8
UK Treasury index-linked 0.375% 2062	5.6
US Treasury 0.625% TIPS 2021	3.9
US Treasury 1.75% TIPS 2019	3.2
US Treasury 2.0% TIPS 2020	3.0

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

## 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.



### Steve Russell

INVESTMENT DIRECTOR

Graduated from Oxford in PPE and started work as an equity analyst at Confederation Life in 1987, progressing to Head of Equities. In 1999 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in 2003.



### 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 31 August 2019, assets managed by the group exceeded £20.7bn.