IFPR – MIFIDPRU 8 Disclosure

As of 31 March 2022

The Investment Firms Prudential Regulations (IFPR), implemented in January 2022, requires investment firms to make a public disclosure concerning their adherence to these regulations. This disclosure fulfils Ruffer's obligations to disclose to market participants key pieces of information on the firm's governance, own funds, own funds requirements and remuneration.

1 Governance

The members of Ruffer LLP (LLP) have delegated the management of the LLP to the Ruffer LLP Board (the 'Board'), which is responsible for the ultimate oversight of the LLP's business. The membership of the Board consists of both executive and non-executive directors. The Board is chaired by the Deputy Chairman and is collectively responsible for providing challenge to the Chief Executive Officer.

Day-to-day management of the LLP and its functions have been sub-delegated to the Chief Executive Officer, who is supported by an Executive Committee and is accountable to the Board. This committee is chaired and appointed by the Chief Executive Officer and is supported by four operational governance committees which provide oversight of key business functions.

As at 31 March 2022, the Board was comprised of five executive directors and three non-executive directors.

Executive Directors

Jonathan Ruffer
Chairman

Chris Bacon
Chief Executive Officer

Miranda Best
Deputy Chief Executive Officer

Michael Gower
Chief Financial Officer

Henry Maxey
Chief Investment Officer

Non-Executive Directors

Robin Hindle Fisher
Deputy Chairman and Chair of the Remuneration and Governance & Nomination Committees

Fleur Meijs
Non-executive director and Chair of the Audit and Risk Committees

Campbell Fleming
Non-executive director

The Ruffer LLP Board is ultimately responsible for overseeing the firm's governance arrangements and ensuring a sound system of internal control and risk management is maintained. It is responsible for ensuring that it identifies and considers the balance of interests between all stakeholders, including Ruffer's clients, and manages conflicts of interest appropriately. The LLP has established an Audit Committee, Risk Committee, Remuneration Committee and Governance & Nomination Committee to support its oversight of the LLP's business.

The Risk Committee has been established to assist the Board in maintaining sound risk management systems and internal control, it advises the Board on setting the firm's current and future risk appetite and strategy, and it oversees the implementation of risk management policies and the monitoring of the firm's risk exposure.

The Governance & Nomination Committee supports the Board by overseeing corporate governance arrangements, including an evaluation of the balance of skills, knowledge, experience and diversity on the Board. Ruffer is committed to running a fair and transparent process for Board appointments, utilising a consistent appointment process for each role.

The LLP has in place a diversity, equity and inclusion policy (the 'DE&I Policy') which is applicable firmwide, including for the Board. As reflected in the DE&I Policy, Ruffer believes that an inclusive and diverse environment supports good judgement and decision making. Ruffer is not driven by targets or statistics, but by doing the right thing and that Ruffer benefits from having a diversity of people, of thinking, of opinions and experiences at all levels within the organisation. Ruffer's DE&I Policy does not include specific targets but is intended to support equality in the workplace and the DE&I Policy assists Ruffer in putting its diversity and inclusion commitments into practice. At Ruffer, this policy covers not only protective characteristics but also other diverse characteristics including social background, caring responsibilities and neurodiversity.

In addition to capturing our diversity data, our current focus is on 'Access to Opportunities' and we have a number of initiatives in place around

- social mobility – promote access to opportunities
- recruitment – broaden pool of more diverse candidates
- learning and development – develop our staff and unlock their potential
- pay and benefits – increase transparency of performance, pay and promotion

To support the embeddedness of Ruffer's diversity and inclusion strategy, the Governance & Nomination Committee has within its remit a requirement to evaluate the balance of skills, knowledge, experience and diversity on the Board prior to any appointment being made. This committee also considers the appointment, talent management and succession planning processes for the partnership and the Executive Committee, including approving member appointments and removals.

As part of the review of effectiveness of the Board, an assessment of skills and expertise is completed for each Board member, including an assessment of their time commitment to perform and discharge their duties on the Board. A conflicts of interest register captures both internal and external directorships held by each member of the Board and is reviewed regularly. No Board members exceed the rules on the number of qualifying executive/non-executive positions.

		Number of Qualifying Directorships Held	
Name	Position	Outside the firm	Within the firm
Jonathan Ruffer	Chairman		1
Chris Bacon	Chief Executive Officer		1
Miranda Best	Deputy Chief Executive Officer		1
Michael Gower	Chief Financial Officer		1
Henry Maxey	Chief Investment Officer		1
Robin Hindle Fisher	Deputy Chairman and Chair of the Remuneration and Governance and Nomination Committees	2 x NED	1 x NED
Fleur Meijs	Non-executive Director and Chair of the Audit and Risk Committees	2 x NED	1 x NED
Campbell Fleming	Non-executive Director	2 (1 x Executive, 1 x NED)	1 x NED

2 Own funds

Composition of regulatory own funds

OF1	Item	Amount £k	Source based on reference numbers/ letters of the balance sheet in the audited financial statements
1	OWN FUNDS	27,620	Note 12
2	TIER 1 CAPITAL	27,620	Note 12
3	COMMON EQUITY TIER 1 CAPITAL	27,620	Note 12
4	Fully paid up capital instruments	27,620	Note 12
5	Share premium	–	
6	Retained earnings	–	
7	Accumulated other comprehensive income	–	
8	Other reserves	–	
9	Adjustments to CET1 due to prudential filters	–	
10	Other funds	–	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	–	
19	CET1 Other capital elements, deductions and adjustments	–	
20	ADDITIONAL TIER 1 CAPITAL	–	
21	Fully paid up, directly issued capital instruments	–	
22	Share premium	–	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	–	
24	Additional Tier 1 Other capital elements, deductions and adjustments	–	
25	TIER 2 CAPITAL	–	
26	Fully paid up, directly issued capital instruments	–	
27	Share premium	–	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	–	
29	Tier 2 Other capital elements, deductions and adjustments	–	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

Figures are in GBP thousands unless noted otherwise

		A	B	C
OF2		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets – breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Debtors	92,420		
2	Tangible assets	3,951		
3	Investment in subsidiary undertakings	1,098		
4	Cash at bank and in hand	93,545		
	Total assets	191,014		
Liabilities – breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	39,775		
2	Accruals and deferred income	18,786		
3	Creditors: amounts falling due after one year	327		
	Total liabilities	58,888		
Shareholders' equity				
1	Members' capital classified as equity under FRS 102	33,786		
2	Debt capital due to Members	1,778		
3	Members' other interests: reserves classified as equity under FRS 102	96,562		
	Total shareholders' equity	132,126		

Own funds: reconciliation of regulatory own funds to template OF2

1	Members' capital classified as equity under FRS 102	33,786		
2	Capital amounts not eligible for consideration	(6,166)		
3	Total own funds	27,620		OF1 Line 4

Own funds: main features of own instruments issued by the firm

Ruffer LLP's own funds consist of capital contributed by its working members in accordance with the partnership agreement of the LLP, sufficient to meet working capital and regulatory capital requirements, and less any unpaid capital.

Ruffer LLP members' capital may need to be repaid to members that leave or retire from the LLP, subject to the condition that following such repayment total members' capital remains greater than the LLP's FCA financial resources requirement at the relevant time and does not reduce the total members' capital below an amount comprising 95% of the total LLP capital on the first day of that accounting period. Hence, 95% of the LLP's fully paid-up capital is recognized for FCA own funds purposes.

3 Own funds requirements

Ruffer LLP's approach to assessing compliance with the overall financial adequacy rule is to undertake a regular Internal Capital Adequacy Risk Assessment (ICARA) process. Under ICARA, Ruffer is required to determine overall financial adequacy (OFAR), as outlined in MIFIDPRU 7.4.7R. OFAR makes the split between capital requirements for ongoing operations and capital requirements for an orderly wind down, with the capital retained being the higher of the two. Ruffer LLP maintains a wind down plan and has assessed the amount of own funds and liquid assets required to support an orderly wind-down of the firm.

The starting point is the own funds requirement: for ongoing operations this is the K-factors requirement; for wind-down this is the fixed overhead requirement. To determine whether any additional own funds are required, Ruffer has identified, assessed, and presented mitigations against those risks to which we are exposed as a going concern, and for wind down scenarios, modelled the potential costs against likely inputs and starting levels of AUM. Each of these assessments are considered separately and the higher of the totals (own funds plus additional own funds) is the minimum regulatory requirement. The own funds requirements, excluding our internal assessment of additional own funds, are as follows.

Higher of	Ruffer LLP £k
Permanent Minimum Capital Requirement (PMR)	150
Fixed Overhead Requirement (FOR)	14,222
K-factor requirements	
K-AUM	4,394
K-CMH	956
K-ASA	3,726
Total K-factors requirement	9,076
Own funds requirement (higher of PMR, FOR and K-factors)	14,222
Own funds surplus	13,398

In addition, Ruffer LLP ensures it complies with its liquid assets threshold requirement. This is based on its Basic Liquid Asset Requirement of 1/3 of FOR plus an assessment of any additional liquid assets required in stressed conditions and during an orderly wind-down.

	Ruffer LLP £k
Liquid assets threshold requirement (1/3 FOR)	4,741
Cash at bank on 31 March 2022	93,545
Liquid assets surplus	88,804

4 Remuneration

Under the transitional arrangements set out in MIFIDPRU TP12, the following disclosures are made according to the requirements of the UK Capital Requirements Directive IV.

The LLP rewards its members and staff fairly and appropriately for their contribution towards the growth and success of the business, the level of service to clients and performance delivered to the firm's clients. The LLP's remuneration policy is designed to be consistent with, and promote, sound and effective risk management. To achieve this, the remuneration of staff is reviewed annually, taking into account individual performance and behaviours and market rates for the role being undertaken. In addition, the firm's variable remuneration arrangements are reviewed periodically to ensure their effectiveness. Variable remuneration awards are also reviewed annually to ensure that they are appropriate, fair and consistent across the firm.

The LLP's remuneration policy follows the Remuneration Code requirements within the FCA's handbook of rules and guidance. The FCA has defined a three-tier proportionality framework for firms to follow in applying the requirements of the Capital Requirements Directive to their businesses. This sets out their expectations on the level of application of the code requirements to different types of firm. Given its modest balance sheet size, the LLP is a Tier 3 firm and the disclosure below reflects the requirements for such Tier 3 firms.

Decision making process

Allocation of the LLP's net profit to members is a discretionary profit allocation which includes interest on capital balances and is paid after deducting minimum monthly drawings and special drawings. The discretionary profit allocation is based on two criteria: contribution to clients/job performance; and individual behaviours. Members' profit share is proposed by the CEO in consultation with the Executive Committee members, reviewed by the Remuneration Committee and approved by the Ruffer LLP Board. The discretionary amount is subject to the LLP's deferral arrangements and alignment with client interest provisions under the LLP deed.

Employee remuneration is primarily composed of a base salary, discretionary bonuses and additional benefits (including pension contributions, etc). The discretionary bonus is based on both the firm's and employee's performance and behaviours and is considered by the relevant manager(s) and moderated by Human Resources, prior to approval by the Executive Committee and the Remuneration Committee.

Aggregate quantitative information

The LLP has only one business area, discretionary investment management, and its Material Risk Takers received total remuneration of £96.6m for the year to 31 March 2022.