Fund name	Ruffer Protection Strategies International ('RPS' or 'the Fund')
Investment objective	To generate a positive return in environments when various markets or currencies are experiencing extreme events. These events may include, but are not restricted to, macroeconomic instability, monetary/fiscal policy uncertainty and unexpected capital flows. The RPS will invest in financial derivative instruments and other assets as appropriate, some or all of which may be designed to provide a leveraged return on the occurrence of such extreme events.
Legal structure	An open-ended investment fund in umbrella form with separate sub-funds incorporated in Luxembourg as a société d'investissement à capital variable (SICAV) – fonds d'investissement spécialisé (FIS)
Redemption cycle	Weekly
Liquidity buffer/ redemption policy	5% liquidity buffer; deferred redemptions if redemptions exceed 10% (optional decided by the board) and dilution levy if net subscriptions or net redemptions exceed 3% (optional decided by the board).
Fund regulator	CSSF (Commission de Surveillance du Secteur Financier), Luxembourg
Fund type	Specialist Investment Fund and Alternative Investment Fund
Investment manager	Ruffer AIFM Limited ('RAIFM' or 'we')
Investor base	Clients of Ruffer LLP ('RLLP'), RAIFM's parent company, and its subsidiaries
Derivative use	Investment purpose

Specific market risk

The fund has a dedicated team of fund managers and investment professionals. The fund managers are ultimately responsible for managing the risks of the fund within the constraints of the fund's specific mandates.

Additionally, the fund uses VaR analysis to measure risk. The VaR analysis is performed to evaluate the risk of loss given market conditions and the current portfolio of investments within the fund. VaR is monitored at the point of trade which allows for subsequent market movements. A VaR restriction at the point of trade also encourages diversification of additional trades, which will decrease the VaR, therefore decreasing the risk profile of the fund.

Currency risk

Currency hedges are monitored and managed by the fund manager of the fund to ensure that the hedges are adjusted as necessary to prevent exposure to undesired changes in exchange rates.

Use of leverage

The RPS invests principally in financial derivative instruments, or in assets giving exposure to financial derivative instruments. The fund can invest in both OTC and exchange-traded options and OTC swap contracts. The fund currently does not borrow or reinvest collateral. Under AIFMD, the fund is considered to be substantially leveraged, where the exposure under the commitment method (described below) exceeds three times the net asset value of the fund.

The fund is limited to investing in instruments where the maximum loss is limited to the initial commitment paid. The fund may selectively hedge profitable holdings with swaps, forwards and futures such that the combination of the holding being hedged and the hedge itself cannot expose the fund to a greater loss than the initial commitment paid on the holding being hedged.

Under AIFMD, the fund is required to calculate leverage using two methods

- Gross method which measures the fund's overall exposure
- Commitment method which allows for netting and hedging

Maximum expected level of leverage has been established and approved by the RAIFM Board under each of these methods. RAIFM has in place procedures and control to monitor adherence to these limits and has established remedial actions in event of an anticipated or actual breach.

RAIFM is required to report actual leverage levels under both the gross and commitment method to the FCA on a quarterly basis.

Asset liquidity risk

Assets held by the RPS are intended to serve as protection during extreme market events. In an extreme market scenario, we would expect that this portfolio would experience large gains with no guarantee of asset liquidity. Therefore, we consider all positions held in this fund as illiquid. Following this assumption, we do not perform subsequent procedures to assess the liquidity of these assets.

Fund liquidity risk

Due to the illiquid nature of the investments held by the fund, the risk management procedures around fund liquidity risk have been designed to protect the funds' investors and to ensure the fund has liquidity to meet its' ongoing obligations.

The fund can only enter into investments which, after the initial investment, entail no other future cash commitment on behalf of the fund. The fund is not susceptible to margin calls as all premiums are paid up-front or, in the case where they are subject to margin, such as the sale of an option, the margin is netted with existing long positions with the same counterparty. Because the investments are long only in nature, there will be no further commitments and no requirements to hold liquidity. The liquidity of the fund will only be affected by potential redemptions and not by the movement in positions.

The fund is required to maintain a 5% liquidity buffer to ensure it is able to meet its ongoing obligations. The liquidity buffer is calculated at each trading point and would prevent a new trade if there is not sufficient cash to maintain the buffer.

In addition to the liquidity buffer, in the event of a large net redemption, the board of the fund has the following options:

- If redemptions exceed 3% of the net asset value, a dilution levy can be applied, and
- If redemptions exceed 10% of the net asset value, they can be deferred, whereby the processing of all or part of such redemption requests may be deferred proportionally for such period as the Directors consider in the best interests of the fund.

Credit risk

As a portion of the fund's investment portfolio is in cash, we are responsible for selecting which bank (or banks) to deposit this cash. Initial and ongoing due diligence is performed on each bank prior to depositing cash.

Settlement risk

We manage settlement risk in the following ways

- Broker approval and review process – We have established an application and approval process before we commence a relationship with a new broker which includes our assessment of their creditworthiness. All active brokers are reviewed as necessary and when we become aware of information which may imply a broker is or has become less creditworthy. Trades can only be transacted with active approved brokers. If a proposed trade is with a broker not on this list, the application and approval process must be followed prior to trading.
- For 'delivery vs. payment' trades – We set limits based on the creditworthiness of active brokers to monitor settlement risk on these trades between the trade date and settlement date.
- For 'free of delivery' trades – Because of the increased level of risk associated with the settlement of 'free of delivery' trades, we carefully review and approve each trade individually before trading.

Counterparty risk

Counterparty risk is managed in the following way

- We have established limits to monitor the total mark-to-market exposure with each counterparty. Limits are set based upon quantitative and qualitative conditions relating to our view of each counterparty's creditworthiness, our investment approach and the general market environment. Procedures are set for the establishment and review of limits as well as escalation procedures to identify and resolve breaches to these limits in a timely manner and in the best interest of our investors.
- In addition, we manage counterparty risk through the use of collateral. Upon entering into an over-the-counter derivative trade, the counterparty is required to post collateral in the form of cash or government bonds for up to the full mark-to-market value of the trade. Ruffer enters into an agreement with each counterparty giving us the right to take that collateral in the event of that counterparty defaulting. Therefore, by using collateral, the risk shifts from counterparty risk to legal risk. Legal risk is the risk we would be able to enforce these agreements and rightfully obtain the collateral.

Operational risk

We manage these risks in the following ways

- Three lines of defence – We have adopted a 'three lines of defence' model to instil the principles of risk management in each of our business units. Accountability at the business level, in this case research and portfolio management, is our 'first line of defence'. The business functions are monitored by the control functions (ie Risk & Control and Compliance) which form our 'second line of defence'. Independent review and oversight is provided by Internal and External Audit and comprises our 'third line of defence'.
- Control environment – Our control environment is created by implementing sufficient control procedures within our organisational framework. Our control environment reflects the principles of openness, integrity and segregation of duties.
- Human resources – We are a service business and, as such, our key assets are our members and employees and the intellectual capital they bring to our business. Ensuring that our staff are of appropriate character and skill is a key tenet of creating an effective control environment. This is managed through the recruitment process, ongoing checks on staff integrity and our annual appraisal programme. We also have a comprehensive training and competence programme which is designed to meet FCA and other regulatory requirements.
- Annual risk assessment – A risk register is kept to identify specific risks to which our business is exposed, their potential impact on our business and the mitigating controls in place. An annual risk assessment is performed which drives an annual program of internal audits, and resulting process and control recommendations.
- Error process – When errors do occur or weaknesses in the control environment are identified they are recorded on the Error Log and escalated to relevant parties as necessary. The Error Log includes a root cause analysis and a recommendation on the control or action required to prevent re-occurrence. The status of recommendations is tracked, reported to the relevant governing body as necessary.

- Information technology and systems – Our day-to-day IT support is outsourced to a specialist firm responsible for maintaining a stable IT infrastructure and implementation and testing of our disaster recovery plans. We use various external packages to support its business processes. We have a dedicated team to manage the relationship with these service providers including initial research and testing and then ongoing maintenance and testing of the products and services. In order to reduce the occurrence of human error, processes which are manual in nature and subject to human error are automated where possible and advantageous to our business. We have an in house IT development team responsible for managing enhancements and delivering specific applications where required.
- Business continuity planning – We have in place a Business Continuity Plan ('BCP') which details the arrangements in place in the event that our business is affected by disaster recovery situation which makes our physical or virtual workspace inoperable. The BCP includes information such as an offsite workplace recovery location and disaster recovery testing procedures. We have a dedicated team whose responsibility it is to review, oversee and monitor our BCP.

Mandate risk

Each fund manager is responsible for managing the fund's portfolio of investments in line with its' investment objective and restrictions as stipulated by the relevant Prospectus or Issuing Document. Restrictions are managed and monitored by the fund managers and reviewed by Compliance as necessary.

Asset valuation risk

RAIFM has delegated the activity of Valuation of the fund's assets to FundPartner Solutions (Europe) S.A ('FPS'). RAIFM has in place procedures and controls to maintain oversight over the delegate including initial and ongoing due diligence and review of the valuations to ensure they are fair and appropriate. RAIFM has agreed procedures and pricing policies with FPS in the form of a service level agreement and pricing policy.

Fund valuation risk

In addition to the risk management process around asset valuation risk, we perform risk management over the valuation of the share prices of our funds. The fund's external administrator carries out the calculation of the NAV. In order to ensure the fund is priced correctly, we perform our own review to compare the fund administrator's calculation of the NAV to our own books and records. Differences above set thresholds are investigated and resolved with the fund's administrator.

Regulatory risk

We manage regulatory risk in the following ways

- The fund manager is responsible for ensuring that the fund’s portfolio is invested in line with all relevant laws and regulations.
- In addition, investment restrictions are programmed into our investment systems to prevent any breach from occurring. Compliance is responsible for maintaining the investment restrictions and for monitoring adherence to these restrictions as necessary.
- As the identification and accurate interpretation of applicable laws, regulation and good practice standards is pivotal to our ability to meet regulatory requirements, our investment and compliance professionals are committed to undergoing ongoing industry training and development.
- Our compliance function has a compliance monitoring program performing a variety of checks on a sample basis reviewing our adherence to the relevant laws and regulations and to ensure that any changes to regulatory policy are implemented as required.

Additionally, as a SIF regulated by the CSSF, the RPS fund may not invest more than 30% of its assets or commitments to subscribe securities of the same type issued by the same issuer, at the point of investment. RAIFM has in place procedures and controls to monitor adherence to this limit and remedial actions in event of an anticipated or actual breach.

Delegation risk

Before delegating any task to an external party, we assess the benefit as well as the potential impact to the fund. Once the decision has been taken to delegate a task to a third party, we perform initial due diligence to assess their ability to perform the activity, reputation and stability. We then enter into agreements detailing the delegated activity and expectations of both parties.

Once the relationship is entered into, we perform ongoing due diligence to ensure that a strong relationship and open communication between parties is maintained. Throughout the relationship, we perform varying levels of oversight to mitigate the risk of error and to ensure the third party’s duties are being performed in line with the agreement in place. Third party delegation agreements are reviewed and updated as necessary to facilitate an efficient and effective relationship.

Legal risk

As the fund trades OTC derivatives, it must have the appropriate contracts in place to do so including ISDA Master Agreements and Credit support documents. Each of these agreements is drafted and reviewed by internal and legal counsel to ensure the terms are industry standard and are in the best interest of our funds. We also use external counsel when considered necessary.