

Ruffer Investment Company Limited

An alternative to alternative asset management



May 2020 Issue 180

During May, the net asset value of the Company rose by 1.3%. This compares with a rise of 3.4% in the FTSE All-Share index.

The last month has seen stock markets continue to try and put the events of March down as a bad dream with equities again moving higher. The slowdown in the level of cases in the developed world combined with some easing of lockdown restrictions has given hope that the global economy will recover and in reasonably short order. The anaesthetic of central banks stimulus has once again been sufficient to postpone all ills. As was the case in April, gold mining equities were the largest contributor to returns. The gold price only rose by 2.6% during the month, but mining equities rose in some cases by more than 10%.

Looking at the surface one would assume that not much has changed, but within equity markets there were some signs of a shift in tone. The NASDAQ, with its tilt towards technology companies, remained one of the better performing equity markets globally. It was the announcement of the proposed EU recovery fund, however, which saw some of the more 'unloved' areas of equity markets recover sharply. The Company holds its own expressions of the technology world via the likes of Ocado (+71% for the year to date) and eHealth (+36%), as well as an allocation to US healthcare, a relative outperformer. The majority of our equity exposure, however, remains in the more unfashionable areas of equity markets. These companies tend to be more geared into the real economy and this has been an uncomfortable place to be, but the tail end of the month hinted at a possible shift in market favour.

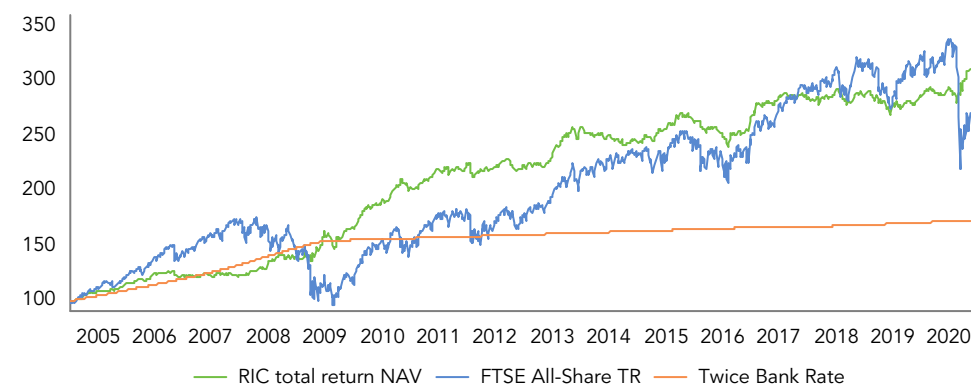
The late month rotation into more cyclical equities was apparently catalysed by the announcement of the EU recovery plan. Whilst there will inevitably be further infighting within the eurozone, and objections from those that trumpet austerity, the market regards the plan as a step toward long-awaited fiscal co-ordination. The seeming breakthrough led to the euro strengthening, and importantly allowed the US dollar to weaken, taking the pressure off some of the more vulnerable economies within emerging markets. If this rotation is 'for real', and there have been failed attempts in the past, the equity exposure in the Company will perform handsomely. If this turns out to be another false start, we should continue to see benefits from the inflation-linked bonds and gold.

The last two months have provided credence to those that believe that central banks will forever be able to control the path of asset prices. We would argue differently: in the last three months governments have adopted a wartime response of huge, debt-funded fiscal spending, aided by central bank liquidity, and in the process are dismantling the anti-inflation bias constructed after the 1970s. To us this means we could quite quickly see the inflationary consequences of deep financial repression. Such a change will likely lead to a very different (and potentially more dangerous) market environment for investors.

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 %	May 2020	Year to date	1 year	3 years	5 years	10 years
Total return NAV	1.3	6.4	12.0	9.1	15.5	50.0
Share price TR ¹	2.1	8.9	16.2	6.3	16.2	42.5

¹Assumes re-investment of dividends

Percentage growth in total return NAV	%	As at 29 May 2020	p
31 Mar 2019 – 31 Mar 2020	4.3	Share price	245.50
31 Mar 2018 – 31 Mar 2019	-0.6	Net Asset Value (NAV) per share	245.19
31 Mar 2017 – 31 Mar 2018	-1.4	Premium/discount to NAV	0.1
31 Mar 2016 – 31 Mar 2017	12.8	NAV total return since inception ²	211.0
31 Mar 2015 – 31 Mar 2016	-4.9	Standard deviation ³	1.88
		Maximum drawdown ³	-8.62

Source: Ruffer LLP, FTSE International (FTSE) †

²Including 39.0p of dividends ³Monthly data (total return NAV)

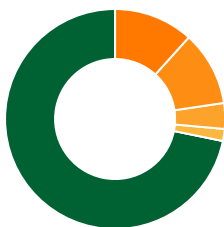
Ruffer Investment Company Limited as at 29 May 2020

Asset allocation



Asset allocation	%
Non-UK index-linked	21.5
Illiquid strategies and options	17.2
Gold and gold equities	11.6
Long-dated index-linked gilts	10.0
Cash	5.6
Short-dated bonds	3.6
Index-linked gilts	0.5

Currency allocation



Currency allocation	%
Sterling	71.7
Gold	11.6
Yen	11.3
US dollar	3.8
Euro	1.8
Other	0.0

10 largest equity holdings*

Stock	% of fund
Tesco	1.9
Lloyds Banking Group	1.7
Walt Disney Company	1.6
IamGold	1.2
Centene Corporation	1.2
Kinross Gold	1.2
Ocado	1.2
AngloGold Ashanti	1.2
Newcrest Mining	1.1
Cigna Corporation	1.1

5 largest of bond holdings

Stock	% of fund
US Treasury 1.75% TIPS 2028	5.8
UK Treasury index-linked 0.125% 2068	5.3
UK Treasury index-linked 0.375% 2062	4.6
UK Treasury 2.0% 2020	3.6
US Treasury 0.625% TIPS 2043	3.6

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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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.

NAV £443.3m Market capitalisation £443.8m Shares in issue 180,788,420

Company information

Annual management charge (no performance fee)	1.0%
Ongiong Charges Figure*	1.07%
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 December 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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Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 April 2020, assets managed by the group exceeded £19.7bn.