



Back to the future

Q1 webinar

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The past



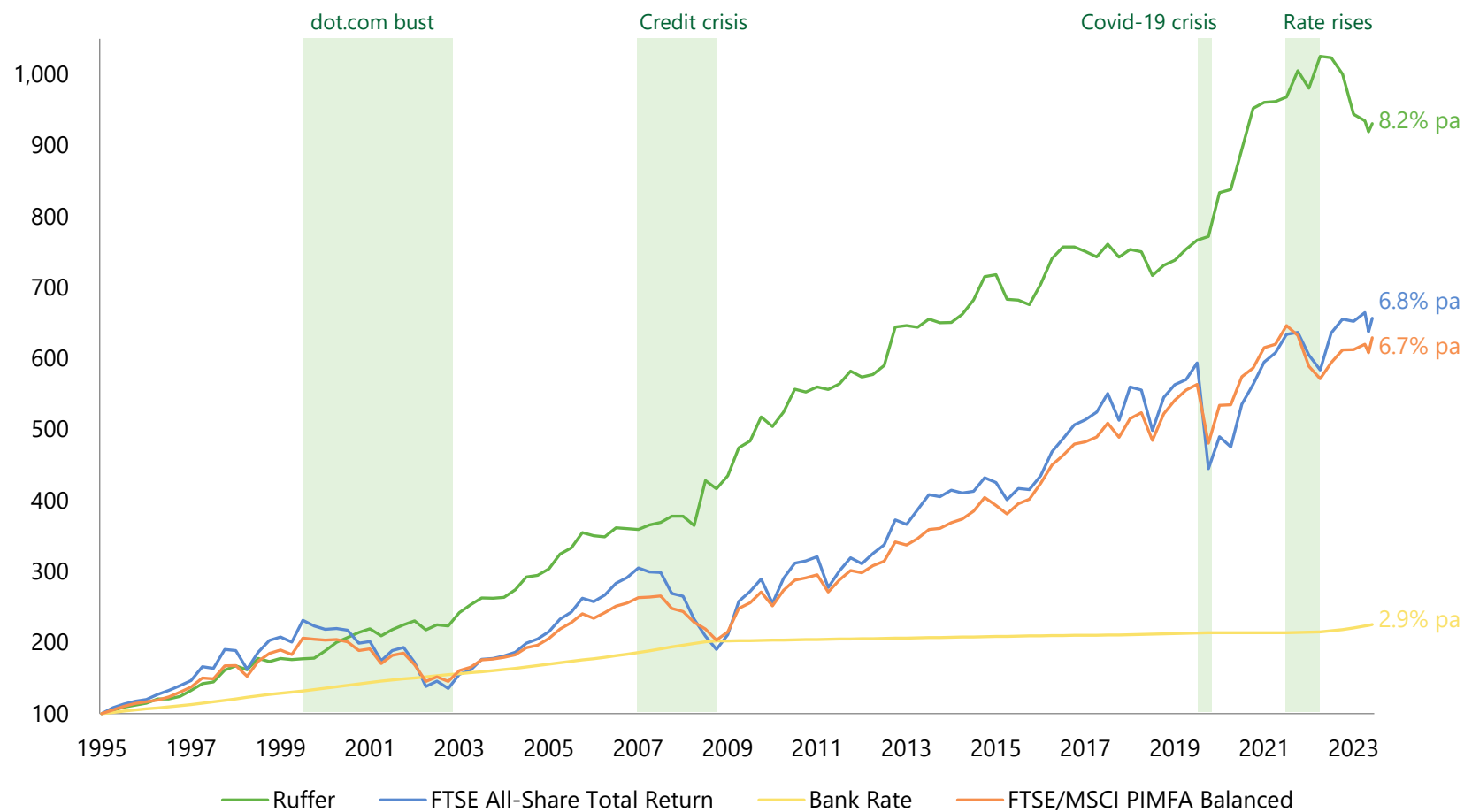
The future

“ It ain't what you don't know that gets you into trouble.

It's what you know for sure that just ain't so. ”

Long-term performance

RUFFER VERSUS BANK RATE, FTSE ALL-SHARE AND MSCI PIMFA 1995–2023

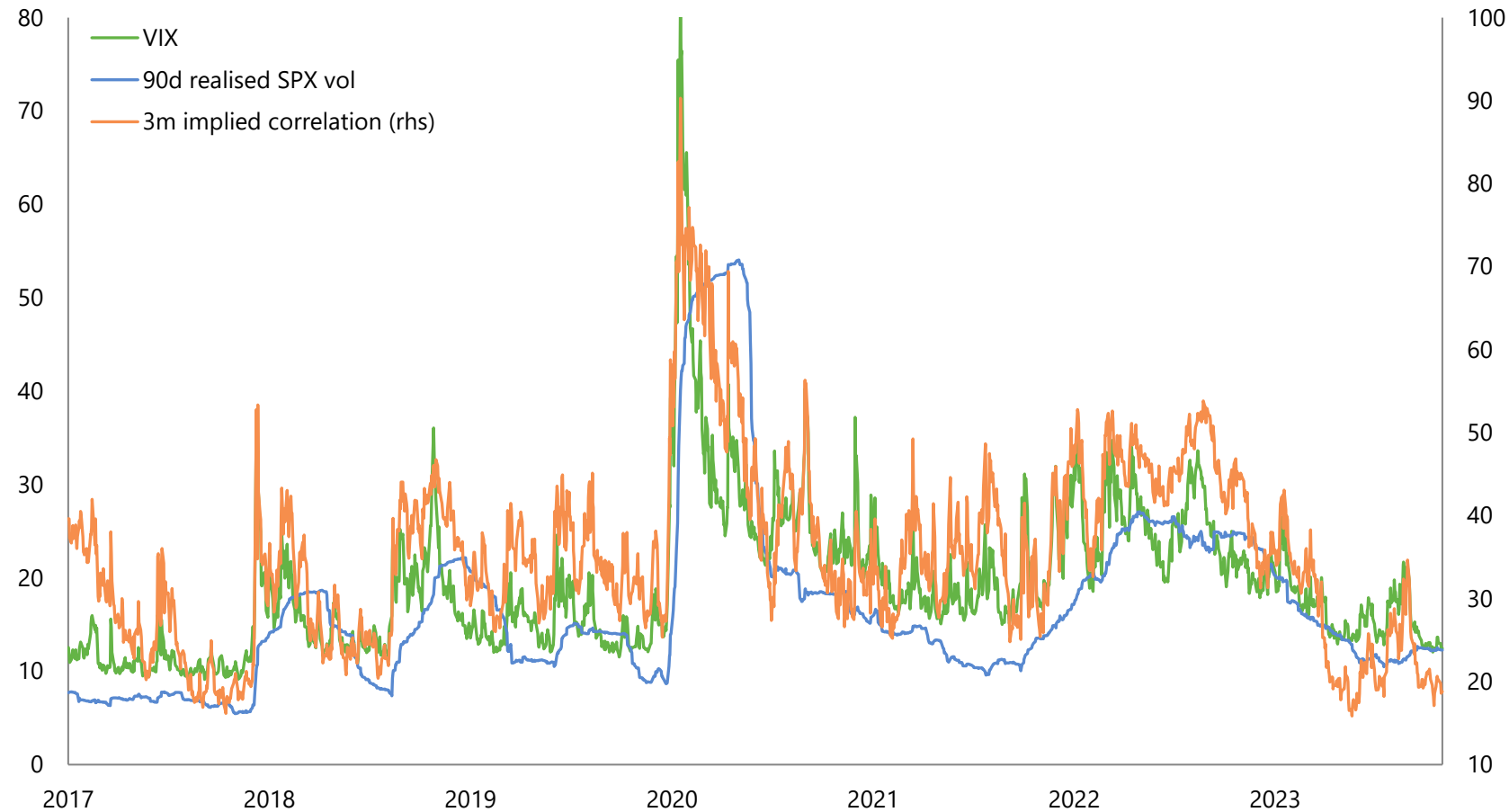


Source: Ruffer, FTSE International, Bloomberg, MSCI, WM. Cumulative performance 30 June 1995 to 30 November 2023, in pounds sterling. Performance data is included in the appendix. All figures include reinvested income. All mentions of Ruffer performance refer to Ruffer's representative portfolio, which is an unconstrained segregated portfolio following Ruffer's investment approach. Ruffer performance is shown after deduction of all fees and management charges. Calendar quarter data has been used up to the latest quarter end and monthly data thereafter. FTSE/MSCI Balanced data prior to 28 Feb 2017 refers to the FTSE WMA Balanced Index and after 1 Mar 2017 refers to the MSCI PIMFA Balanced index. Performance prior to 1 July 2022 has been calculated using monthly data points, and thereafter using daily data points. More information: ruffer.co.uk/methodology

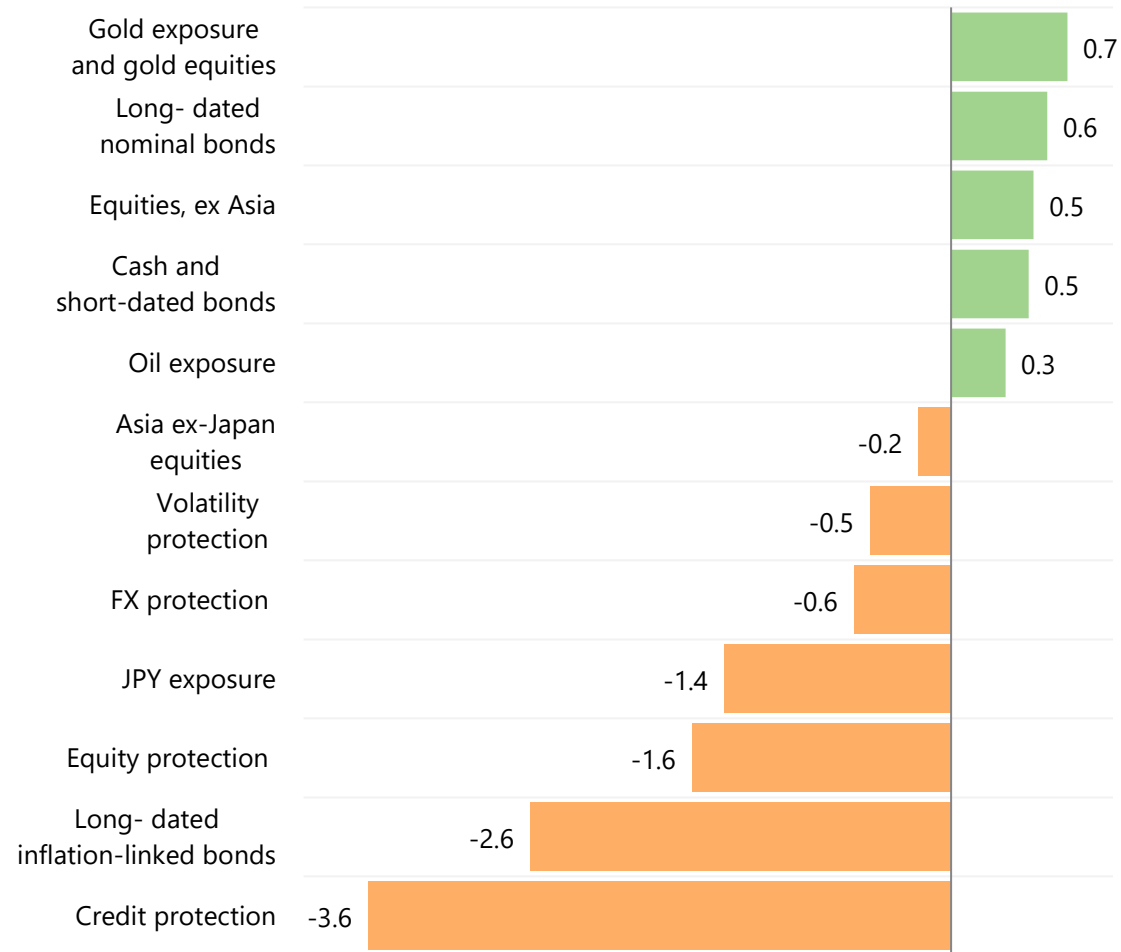
LEARN FROM YOUR MISTAKES

Low volatility has allowed for greater risk taking

THERE ARE LOWER LIMITS TO IMPLIED AND REALISED VOL AND CORRELATION



Key performance attributions 2023



Source; Ruffer representative portfolio 31 Dec 22 to 31 Dec 23. Contributions are shown in local currency. Data is provisional and subject to revision.

Similar destination, two different journeys

RUFFER VERSUS FTSE ALL-WORLD TOTAL RETURN SINCE 31 DECEMBER 2021



Source: Bloomberg, data to Dec 2023. All mentions of Ruffer performance refer to Ruffer's representative portfolio, which is an unconstrained segregated portfolio following Ruffer's investment approach. Ruffer performance is shown after deduction of all fees and management charges.

The past



The future



“Doubt is not a pleasant condition, but certainty is absurd.

Voltaire

Inflation
volatility

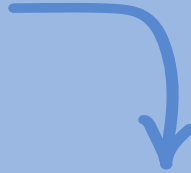
STRUCTURAL

UK index-linked gilts
Gold exposure and
gold equities

Recession risk and
withdrawal of liquidity

CYCLICAL

Short-dated bonds
Cash
Derivative protection
Yen



EQUITY	CREDIT	FX	INTEREST RATES
Index puts/ VIX	IG CDS indices	JPY call options	Duration offset

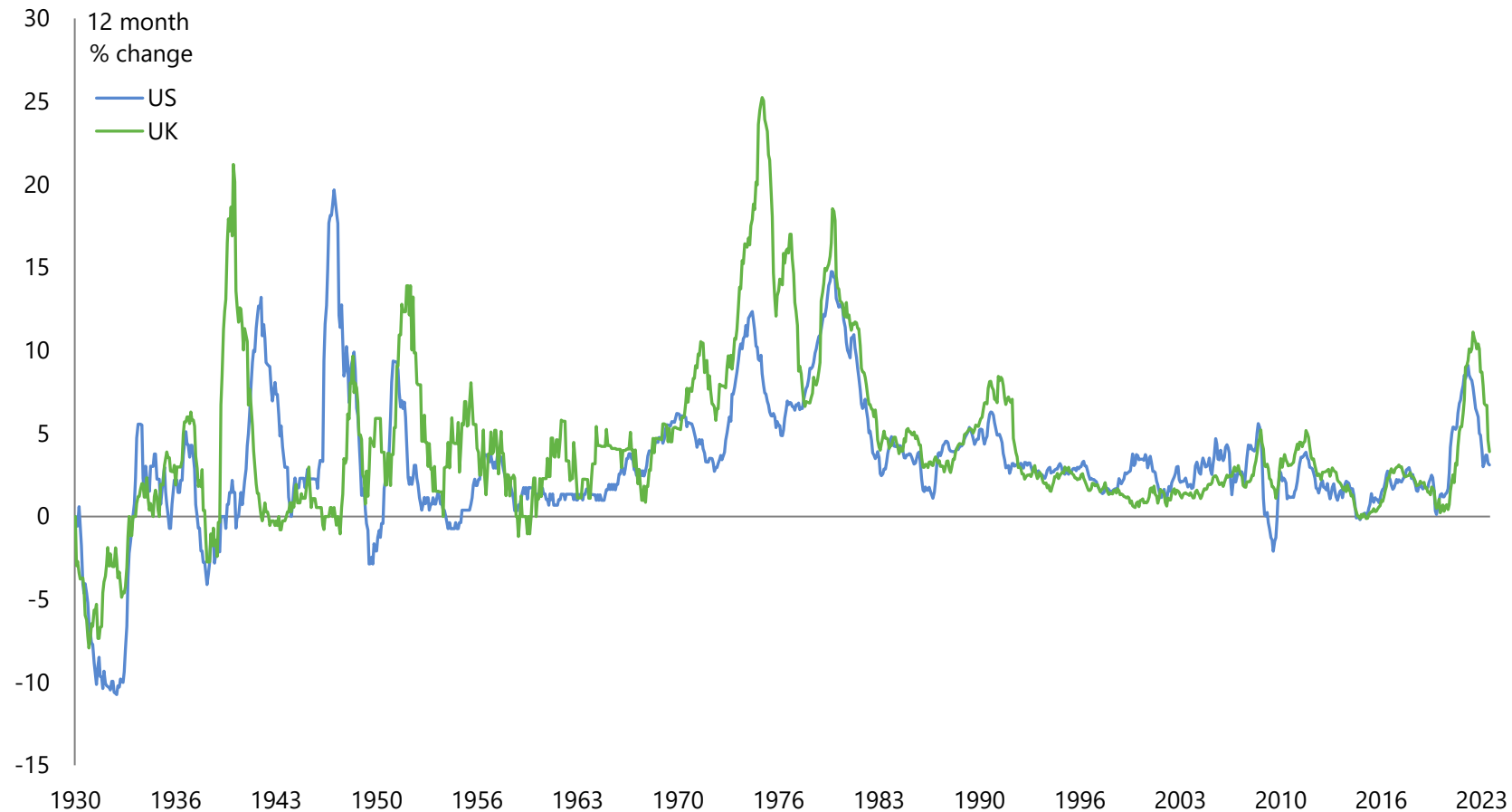
Economic
growth

TACTICAL

Bottom-up
stock selection
Cyclical
equities
Commodity
exposure

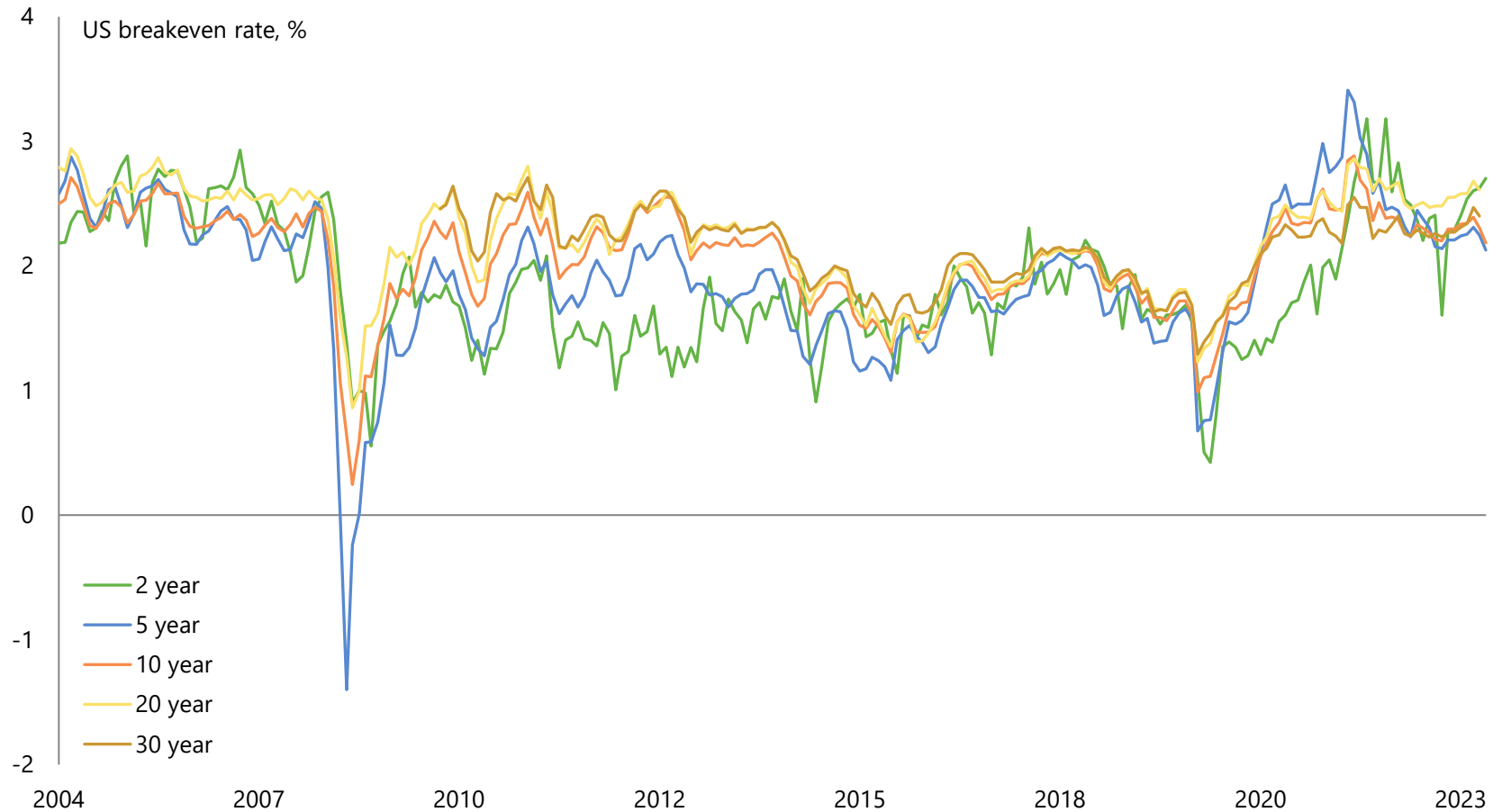
Inflation: back to reality?

INVESTORS REMAIN UNPREPARED FOR A NEW ERA OF INFLATION VOLATILITY



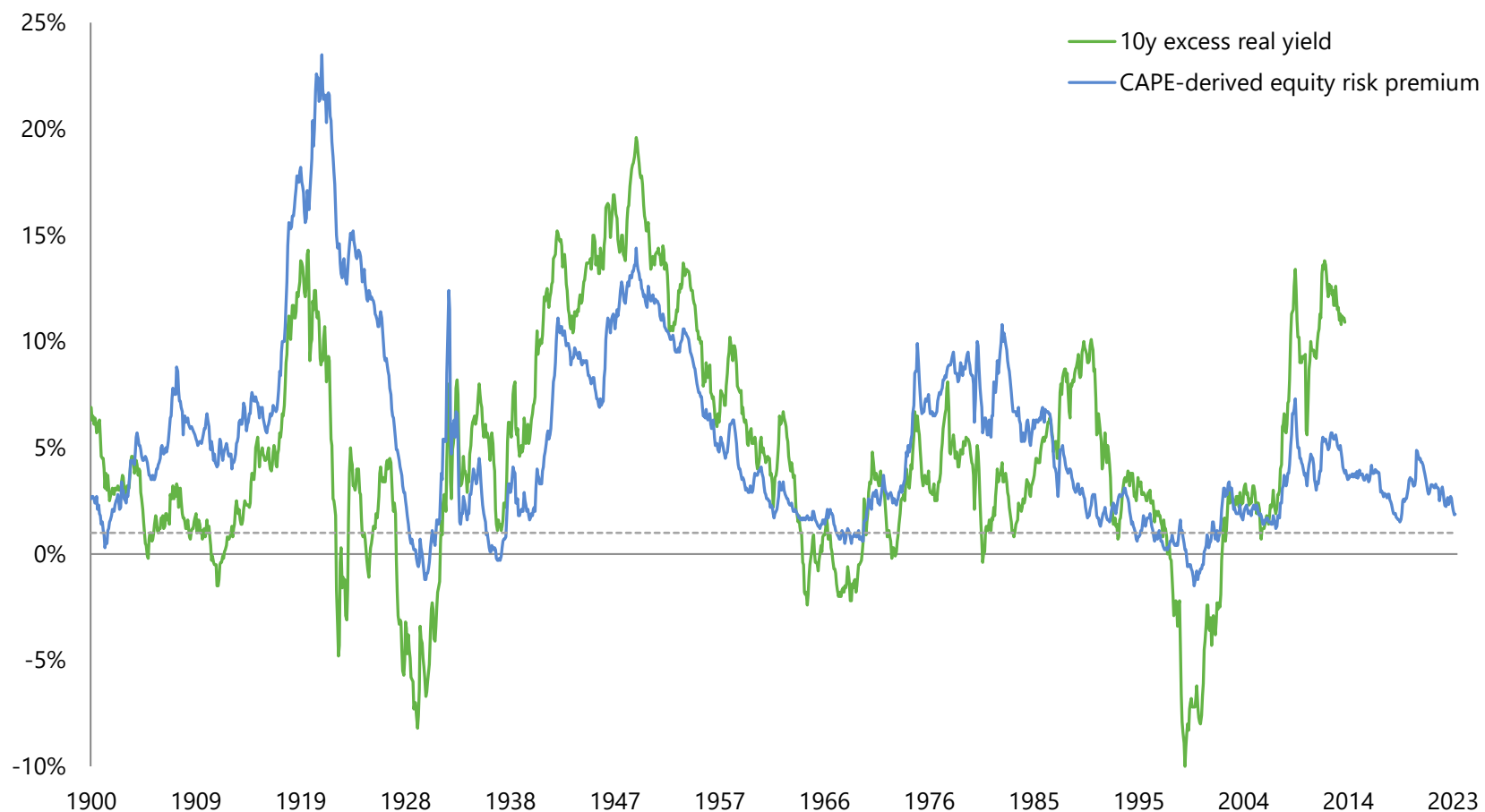
Markets remain complacent on inflation risk

THE POST-COLD WAR EXPERIENCE HELPS EXPLAIN WHY...



Lots of risk, not much return

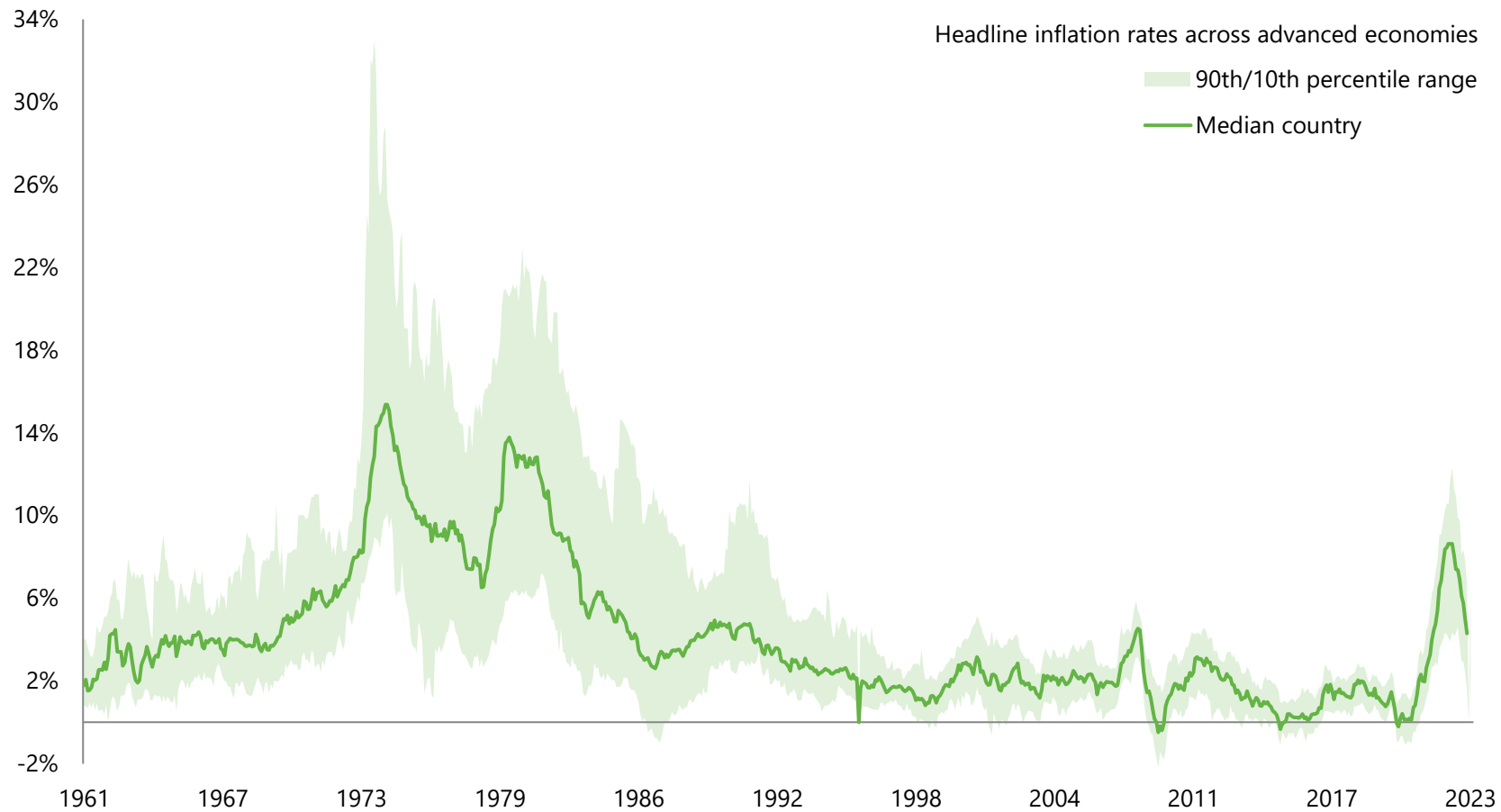
THE EQUITY RISK PREMIUM AT 1.0% DOES NOT AUGUR WELL FOR FUTURE EQUITY RETURNS



Source: Shiller, Bloomberg, Ruffer analysis. CAPE-derived Equity Risk Premium (Shiller) is CAEY (10y treasury (nominal) CPI CAGR (using 10y average)). The Ruffer version of the ERP (2001-) uses 10y TIPS-derived rates as opposed to the Shiller proxy described above. Data November 2023

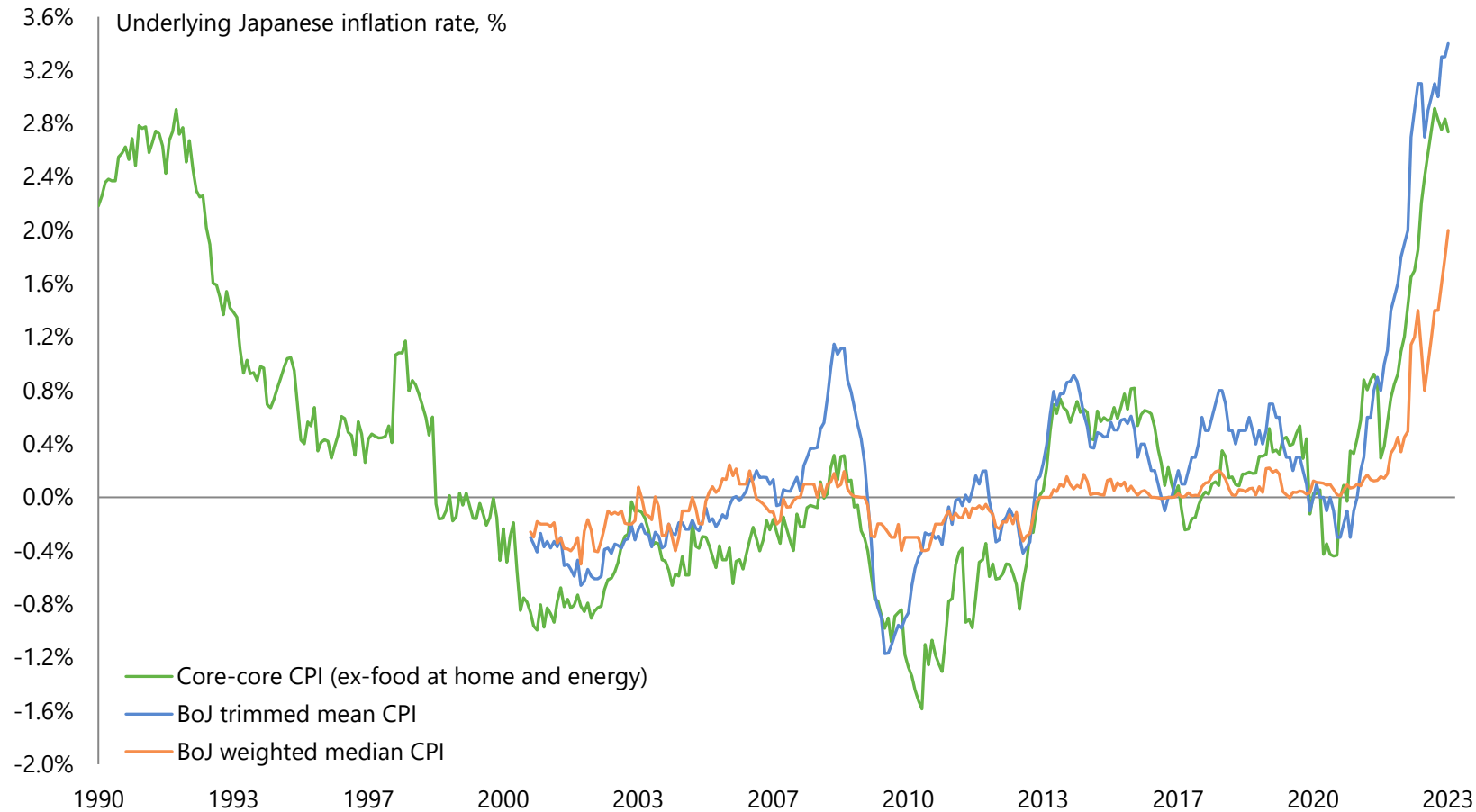
The painful 'last mile'

HEADLINE INFLATION RATES ACROSS ADVANCED ECONOMIES



Yen: is NIRP really an appropriate setting?

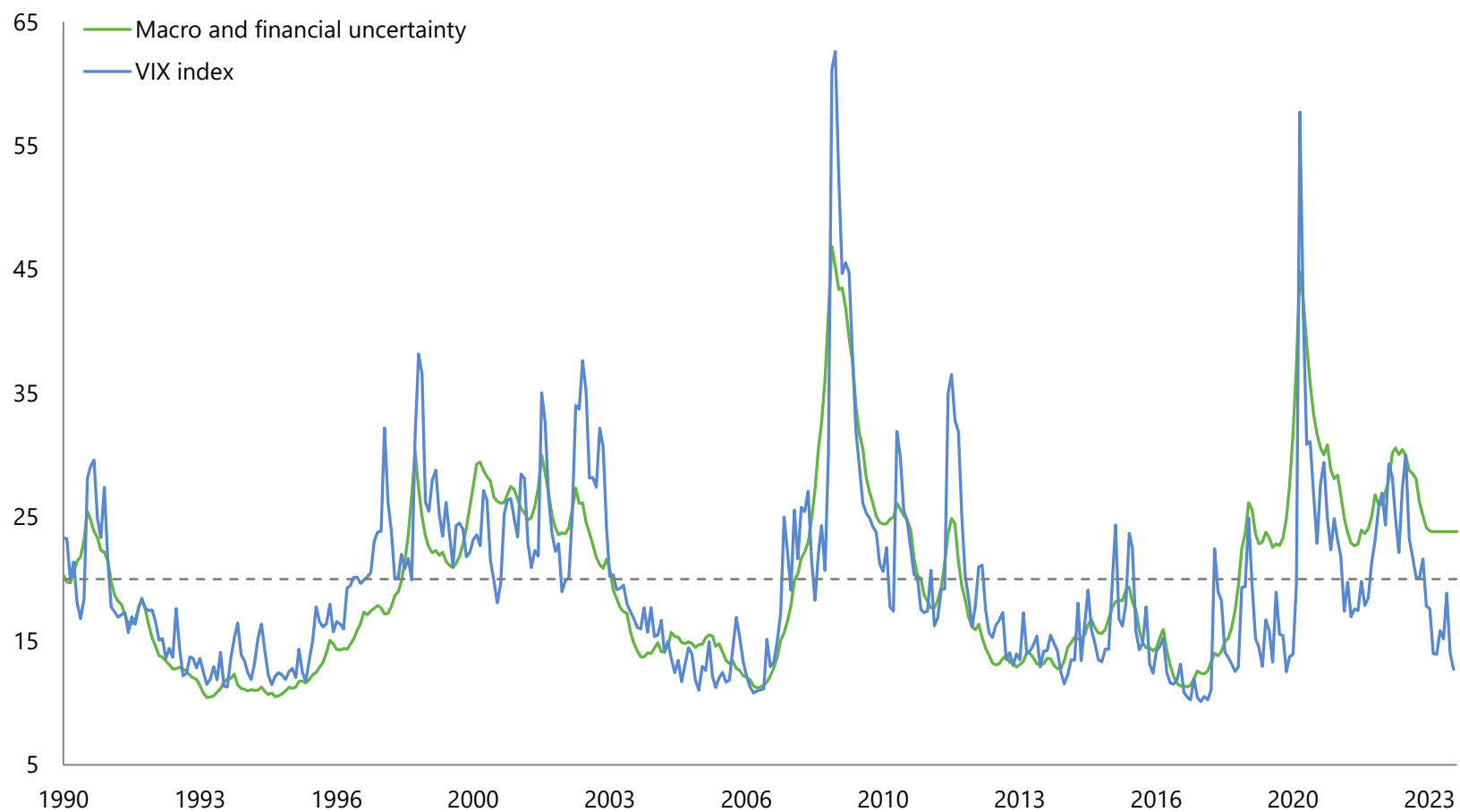
UNDERLYING INFLATION IN JAPAN



Source: BOJ, Statistics Bureau of Japan, Ruffer calcs; 'core-core' CPI is adjusted for C-tax changes in 1997/2014/2019 and one-off impact from cuts to mobile telephone charges in 2021. Data to September 2023

VIX calls back in the armoury

OFFERING ASYMMETRIC DOWNSIDE PROTECTION FOR THE FIRST TIME SINCE PRE-COVID





All faiths need a foundational myth...

The anti-hero, who provoked and prolonged the inflationary malaise

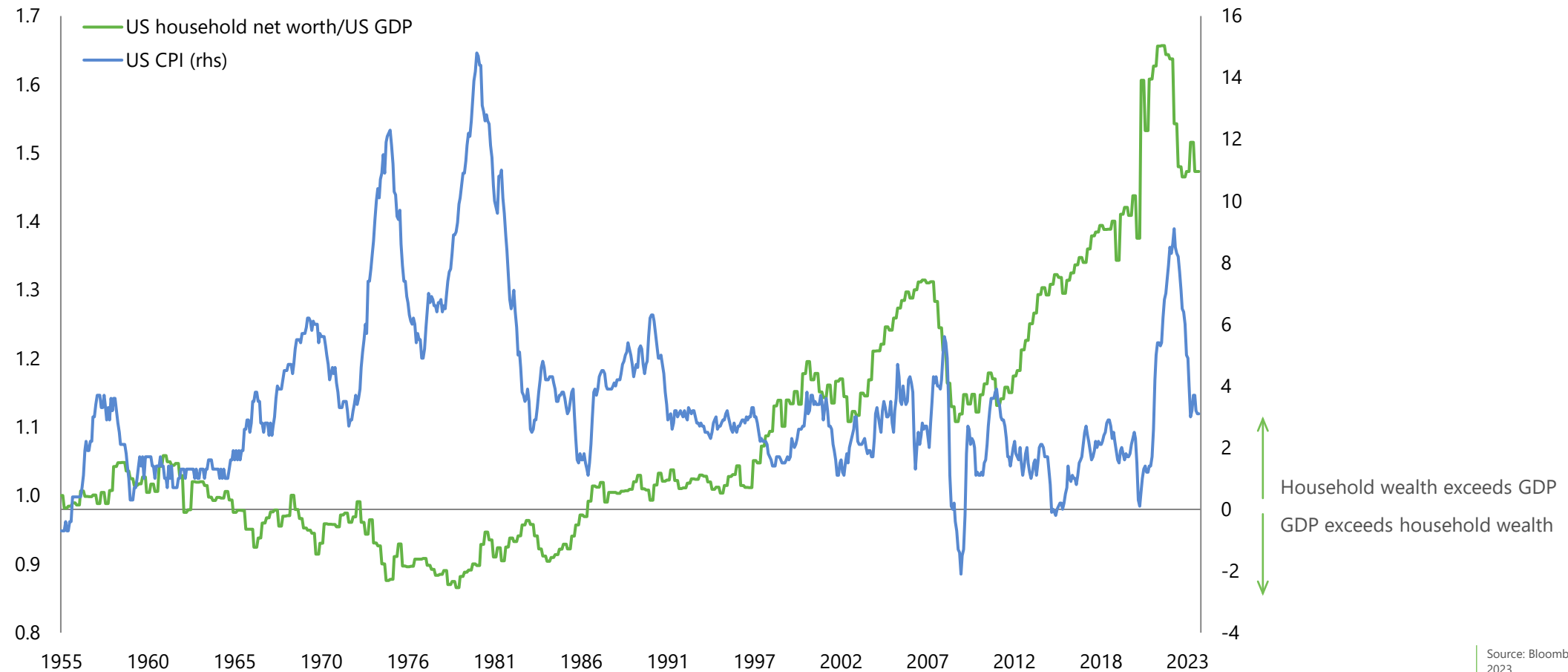


The hero(es), who courageously brought the inflationary malaise to its painful end



Why inflation matters

RISING INFLATION IS A THREAT TO ASSET PRICES, A HOT ECONOMY = A COLD MARKET



Unchanged philosophy

Short-term: interest rates will bite

Long-term: inflation volatility is back

Differentiated positioning

Portfolio of powerful offsets

Regulatory performance data

PERCENTAGE GROWTH

To 30 Sep %	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Ruffer	15.4	17.8	13.9	8.9	13.6	4.6	4.0	16.2	8.5	18.2	7.6	4.8	-0.3	30.1	10.5	6.1	3.8	11.5	2.8	3.2	8.4	0.3	1.0	0.4	11.1	14.8	6.6	-8.9
FTSE All-Share	17.5	30.6	-2.0	23.6	9.5	-20.8	-20.8	16.7	15.7	24.9	14.7	12.2	-22.3	10.8	12.5	-4.4	17.2	18.9	6.1	-2.3	16.8	11.9	5.9	2.7	-16.6	27.9	-4.0	13.8
FTSE All-World	15.0	20.0	-6.9	36.1	22.1	-27.5	-22.9	20.1	8.6	24.1	9.6	14.5	-15.7	12.9	10.6	-4.8	17.3	18.2	11.8	0.6	31.3	15.5	13.4	7.8	5.7	22.7	-3.6	11.1
Bank Rate	6.3	6.3	7.4	5.9	5.9	5.7	4.2	3.9	4.1	4.8	4.6	5.3	5.4	1.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.5	0.8	0.4	0.1	0.7	3.9
MSCI PIMFA Balanced	13.4	26.0	1.7	20.1	11.5	-16.5	-14.9	13.8	10.7	19.7	10.5	9.2	-13.5	8.6	10.2	-0.9	13.7	12.5	8.0	1.9	18.0	8.8	7.0	6.1	-3.8	16.0	-7.8	8.5

Source: Ruffer, FTSE International, Bloomberg. 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 reliable indicator of 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. Calendar quarter data has been used up to the latest quarter end. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. This document, and any statements accompanying it, are for information only and are not intended to be legally binding. Unless otherwise agreed in writing, our investment management agreement, in the form entered into, constitutes the entire agreement between Ruffer and its clients, and supersedes all previous assurances, warranties and representations, whether written or oral, relating to the services which Ruffer provides. All mentions of Ruffer performance refer to Ruffer's representative portfolio, which shows the performance of an unconstrained, segregated portfolio of £1 million set up in 1995, and follows Ruffer's investment approach. Performance prior to 1 July 2022 has been calculated using monthly data points, and thereafter using daily data points. More information: ruffer.co.uk/methodology

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