



# *Ruffer Investment Company Limited*

Annual report  
for the year ended  
30 June 2020

# Contents

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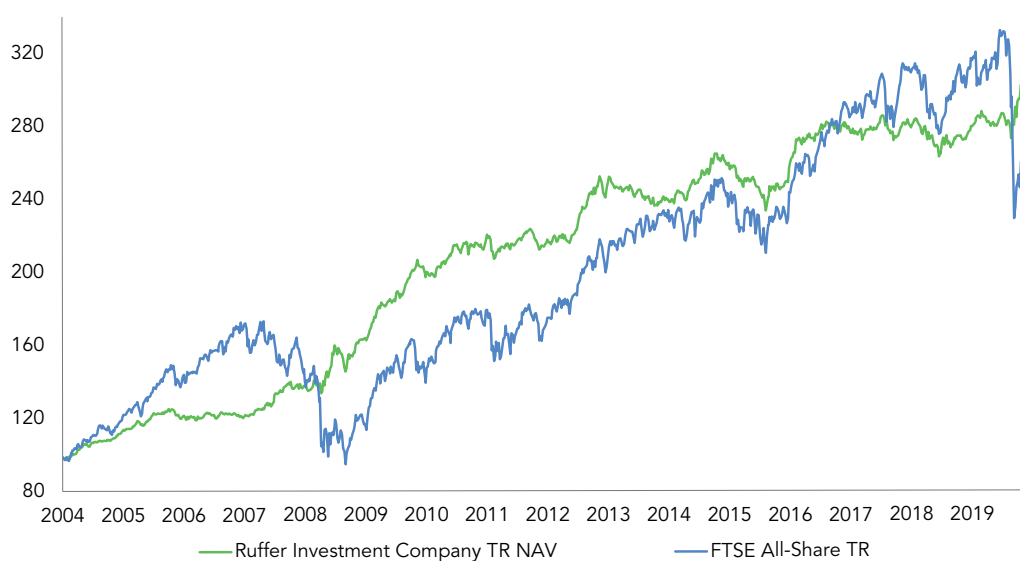
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### Key performance indicators

	30 June 20	30 June 19
Share price total return over 12 months <sup>1</sup>	12.4%	(5.7)%
NAV total return per share over 12 months <sup>1</sup>	10.1%	(0.9)%
Discount of share price to NAV	(1.5)%	(4.0)%
Dividends per share over 12 months <sup>2</sup>	1.85p	1.80p
Annualised dividend yield <sup>3</sup>	0.8%	0.8%
Annualised total return per share since launch <sup>1</sup>	7.4%	7.2%
Ongoing charges ratio <sup>4</sup>	1.08%	1.13%

### Financial highlights

	30 June 20	30 June 19
Share price	242.00p	216.00p
NAV at year end as calculated on an IFRS basis <sup>5</sup>	£444,112,381	£406,274,997
NAV at year end as reported to the LSE <sup>6</sup>	£444,389,282	£406,745,803
Market capitalisation	£437,507,967	£390,502,979
Number of shares in issue	180,788,416	180,788,416
NAV per share at year end as calculated on an IFRS basis <sup>5</sup>	245.65p	224.72p
NAV per share at year end as reported to the LSE <sup>6</sup>	245.81p	224.98p



Source: Ruffer LLP, Factset. Cumulative performance July 2004 to 30 June 2020, in pounds sterling. Performance data is included in the appendix.

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## Company information

Incorporation date	1 June 2004	
Launch date	8 July 2004	
Launch price	100p per share	
Initial net asset value	98p per share	
Accounting dates	Interim	Final
	31 December (unaudited)	30 June (audited)

Note: Figures use Net Asset Value (NAV) per share as reported to the London Stock Exchange (LSE) unless otherwise stated.

- 1 Assumes reinvestment of dividends.
- 2 Dividends declared during the year.
- 3 Annual dividend yield is calculated using share price at the year end and dividends declared during the year.
- 4 See note 9 to the Financial Statements.
- 5 This is the NAV per share as per the Financial Statements. Refer to note 14 on page 84 for a reconciliation between this figure and the published NAV per share.
- 6 This is the NAV/NAV per share as released on the LSE for 30 June each year.

# Chairman's review

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I am delighted to announce an excellent set of audited results for the 12 months ending 30 June 2020. This has been a good year for your Company, when the Manager has exceeded our investment objective in exceptionally trying circumstances, and has done so without taking on additional risk.

## Performance

The Company's objective is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate. At the beginning of the period, The Bank of England rate stood at 0.75%. On 11 March 2020, as covid-19 started to impact Europe, at a regular meeting of the Monetary Policy Committee, the rate was cut to 0.25%. On 19 March 2020, at an unscheduled meeting, the rate was further reduced to 0.1%, the lowest level in UK history, and there it remains. The blended average rate for the 12 month period ended 30 June 2020 was therefore 0.57%, which gave the Company a target return of 1.14%. In the 12 months from 1 July 2019 to 30 June 2020, the IFRS net asset value (NAV) per share of the Company rose from 224.72p to 245.65p, an increase of 9.31%. Allowing for the dividends of 1.85p paid during the period, this gives a total return of 10.1%, handsomely beating our benchmark and well ahead of the FTSE All-Share index which was down -13.0% on a total return basis over the 12 month period. Since launch in 2004, the NAV of the Company has risen by 211.8% including dividends, compared with a rise of 73.8% in the target return and 176.7% in the FTSE All-Share Total Return index. Of equal importance, the maximum drawdown in the Company's NAV during that time was 8.8% compared with a maximum fall of 47.7% in the FTSE All-Share index.

This is the result that we, as your Directors, were confident that the Manager would achieve when the crisis, of whatever stamp and timing, hit. In my 32 years of watching Jonathan Ruffer's investment style I have been struck by one overwhelming observation and that is that his firm is invariably too early in calling the major shots, sometimes by some years. Thus it was that in the run up to the TMT (technology, media and telecommunications) crash of 2000, before this Company was conceived, Ruffer clients were long of such unfashionable investments as German bunds, War Loan and high-yielding British utility companies. Ruffer's performance was, in their own description, akin to a tractor on the motorway for a year ahead of the denouement, but when the fashionable technology, media and telecoms stocks spun off the road leading to a 48% decline in equity markets, the tractor carried on with a 25% gain and a lot of contented investors on board. The performance of Ruffer portfolios during the global financial crisis of 2007-2009 was very similar. The performance for a year in the run up to 2007 was sluggish. Incidentally, at that point this Company traded at a sustained high single digit discount and the Board offered shareholders a

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redemption at NAV in October 2007, with some 16% opting to redeem. When the FTSE All-Share total return index subsequently lost 46% of its value between July 2007 and February 2009, this Company produced a total return of 35%.

Whilst the calendar year 2019 was a good year for the Company, the previous couple of years were dull in performance terms, as was the case in the run ups to the previous crashes. Over the past three years, I have found myself defending the Manager's record and explaining their reasons for a cautious stance while markets continue to rise. I am delighted that Ruffer has once again proved its worth for investors as my tenure as a Director comes to a close. My concluding line in the report for the Interim Results published on 28 February 2020 was: 'Your Directors remain confident that the Company is pursuing the right course – when this approach will be vindicated, is, of course, the unknown element.' As it happens, within a month, the Ruffer stance had begun to work and very much to the advantage of this Company's shareholders. During March 2020, the net asset value of the Company rose by 4.2% after allowing for the dividend of 0.95p paid during the month. This compares with a fall of 15.1% in the FTSE All-Share index during the month. It is much to the Manager's credit that not only did they preserve capital on the way down, thanks to some well-positioned option and credit protection, but they also added aggressively to their weightings in gold miners and US TIPS (treasury inflation-protected securities) in mid-March 2020 after both of these assets had been marked down hard and indiscriminately in the financial carnage prevailing at the time. Thus, when UK equities bounced 5.0% in April 2020 the Company's NAV rose by 5.8%. I was struck on rereading the Manager's report, published on 13 July 2020, at the modesty of the tone, given the performance under the most difficult of circumstances. This should not have come as a surprise to me, since the whole ethos of the firm takes its lead from the founder. Whilst mentioning the founder, I would like to point out that Jonathan Ruffer remains fully engaged as the Executive Chairman of Ruffer LLP and, although he may spend two days of the working week on his charitable interests, he is as committed as ever to the financial well-being of his clients and investors.

This year your Directors decided to release a detailed Manager's review, rather than an abbreviated, unaudited financial report for the 12 months ended 30 June 2020. The advantage was that we were able to produce it more quickly, since it was released on 13 July 2020 compared with 23 July last year. We have had positive feedback on this report, which is intended to get key financial highlights and the Manager's review to shareholders as quickly as possible while the full audit process is undertaken. We intend to repeat this exercise in the future, although it will not be my call – sadly, this is my swansong review, as I retire after the AGM on 4 December this year.

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### Covid-19

At the risk of being accused of Chairman Mao-like prevarication, I think that it is still rather too early to say exactly what effect the covid-19 crisis will have on our way of life and economies, but it seems self-evident that the changes will be profound. We have all got used to working remotely through Zoom and Teams, technologies of which I, for one, was unaware a short six months ago. The ease and efficiency of remote working has been a revelation and I have little doubt that our working practices will involve a good deal less long-distance travel in future and fewer days of the week spent commuting. If adopted, then the environment will be a beneficiary. I have slept in the same bed for the last four months, something which I haven't done since childhood. In my experience, our Manager has adapted effectively to these changes and, although we all miss seeing colleagues in the flesh, equally a good deal more time for thinking and working has been liberated, thanks to minimal travel. As far as the Company's investments are concerned, the covid-19 pandemic has caused a number of them to reduce or cut their dividends, some through Government diktat and some through necessity – the implications for our own dividend are still a little uncertain. You may have noted that our ongoing charges ratio reduced from 1.13% in the prior year to 1.08% in the year to 30 June 2020. The primary driver behind this welcome reduction was the administration charge, which more than halved from £377,815 to £161,174.

### Earnings and dividends

Earnings for the year were 2.07p (2019: 2.16p) per share on the revenue account and 20.71p (2019: -4.92p) per share on the capital account. Earnings from the revenue account remain low owing to the heavy weighting in protective assets such as index-linked securities and gold, which yield next to nothing. The Directors were able to nudge the interim dividend up by 0.05p to 0.95p at the interim stage, thanks to the inclusion in the portfolio of some higher yielding value stocks, notably in Japan, but they will not hesitate to cut the dividend again should this prove necessary. You may be quite sure that we will not draw on capital to maintain the dividend. We consider such an approach to be a contradiction to the Company's capital preservation objective. As far as setting the dividend is concerned, the Directors give the Investment Manager flexibility in following whichever course will lead to the best results for our shareholders. We have always regarded income as a by-product of the investment process and not a target. Naturally, as a result of the impact of Covid-19 on our portfolio, we anticipate a dip in our revenue earnings for 2020/21, and possibly beyond. It is difficult to quantify at this stage and consequently we have, for the first time, shown in our Financial Statements the balance on our retained revenue earnings (see pages 66 and 68) which, following payment of the September 2020 dividend, will be circa £2 million. The Directors could supplement any shortfall in annual revenue earnings with this reserve to support dividends for a period of time.

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### Board succession planning

Over the past year your Directors have spent a good deal of time interviewing candidates for Board positions, firstly to take over from John Baldwin, who retired from the Board on 31 May 2020, and then to replace me, though not as Chairman, when I step down on 4 December 2020. I am very grateful to John, who has always given freely of his time in order to challenge the Manager effectively and in furtherance of his duties as Chairman of the Management Engagement Committee, to which post Jill May has been promoted. Mrs Shelagh Mason, a Guernsey resident who has chaired the Guernsey Institute of Directors and has a fine background as a lawyer with property and investment company expertise, joined the Board on 1 June 2020 to take over from John. We were pleased to secure the services of Nick Pink, a UK-domiciled Director, and he joined the Board on 1 September 2020. Nick enjoyed a senior management career at UBS Investment Bank, latterly as Global Head of Research. Hopefully, the Board is now settled and there should not need to be any further changes over the next few years. I am delighted to be handing over as Chairman to Chris Russell, an experienced finance professional who, amongst many other notable achievements, has written a well-regarded book on investment strategy. It is planned that Jill May will succeed Chris as Senior Independent Director ('SID') on 4 December. The Financial Reporting Council has stated that if the Chairman serves beyond the nine year point then the Board should disclose its policy on the tenure of the Chairman. Your board has concluded that a Director of the Company, who subsequently becomes Chairman, should serve for no more than a total of 12 years.

### Share dealing

During the 12 months ended 30 June 2020 the following Directors dealt in the Company's shares: Chris Russell purchased 25,000 shares at 215p between 12 and 24 March; David Staples acquired 40,000 shares at 216-219p between 9 March and 2 April; and I bought 75,000 shares at prices between 216p and 238p between 12 March and 29 April. Additionally, one of our managers, Duncan MacInnes, bought 5,300 shares at 216p on 11 July 2019 and a further 9,000 shares at 218p on 26 March 2020.

### Responsible investing

Rather typically, Ruffer does not blow its environmental, social and governance ('ESG') trumpet loudly, but such analysis and activity is an integral part of their research process in the belief that good practice in these areas is likely to result in good corporate performance, which in turn will result in better returns for shareholders over the long term. Your Directors have been impressed with the way in which ESG forms an integral part of the stock selection process, whilst their engagement with companies in relation to climate change is laudable. Full details are available on



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the website, but it is worth specifically noting that the Manager votes on all voting shares held by the Company and that it discloses details of its voting and engagement activities within its annual ESG report. I have recently seen a very complimentary report from PRI who have published an assessment of Ruffer's performance with regards to Responsible Investing.

### Annual general meeting

The AGM of the Company will be held at 12 noon on 4 December 2020 at the Company's registered offices at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA. It is currently hoped that this meeting will take place physically but if it proves necessary to conduct it remotely you will be informed nearer the time.

### Share issuance

Since 30 June 2019, the Company has not issued any additional shares. The Directors are committed to ensuring that all share issuance is accretive to existing shareholders and the Company's shares have not traded at a sufficient premium to enable this to happen. As has been stated before, your Directors are keen to get the market capitalisation of this Company to £500m+ in order to make it accessible to even the largest discretionary wealth managers. Our market capitalisation has appreciated from £390m at the end of June last year to £437m at 30 June this year, partly through performance but also due to the discount to NAV narrowing from 4% to 1.5%.

### Share buyback authority

The authority to buy back shares, which was granted to the Directors at the AGM in December 2019, has not been invoked over the period of this report. It is a regret to me that, over my tenure as Chairman, we have never bought back a single share, but we have never traded at a significant and sustained discount. The Board's approach has been to engage our broker when the discount gets above a mid-single digit percentage discount to NAV. On the few occasions when the discount has widened to such a level our brokers have advised us that they have been working with a buyer in the market. Naturally, we would rather see a buyer satisfied in purchasing the stock at a discount and so we have not yet been able to acquire any shares. We continue to receive feedback that shareholders enjoy having the possibility of buying shares at a decent discount and, consequently, there is no intention to tighten the policy at this stage. When I joined the Board in 2009, Ruffer LLP owned slightly over 15% of the issued share capital and was the largest single shareholder. It now has 3.8% and is the sixth largest shareholder. This gives the Board comfort as the shares are an attractive proposition for Ruffer's clients when they trade at a discount. Incidentally, I am assured by Investec, our broker, that we have a share register of the highest

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quality, being deep and full of eminent names. The Board has resolved to seek, at the AGM on 4 December 2020, a renewal of its authority to buy back shares at a discount to NAV under the terms to be stated in a Special Resolution.

### Share redemption facility

The Company has a Redemption Facility operable in December each year. Given the fact that the Company has been trading close to its NAV for most of the year under report, and that at the date of signing this report it is trading at a 3.5% discount to NAV, the Board is unlikely to offer this facility in December 2020.

### Outlook

The effects of unfettered public spending globally over the past six months from an already weak position will surely be damaging to economies in the long term. Ruffer may have won the battle but it fully acknowledges that the war is likely to continue for some time yet and the outcome is impossible to predict.

As these Financial Statements were being finalised Jerome Powell, Chairman of the Federal Reserve, signalled a major shift in its approach to managing inflation, as it tries to do more to aid the US economy's recovery. The central bank will now target an 'average' of 2% inflation, rather than making 2% a fixed goal, giving it more flexibility. We believe that this shift may be helpful to the valuation of the Company's inflation-protection assets. The implications for Britain's exit from the European Union at the end of this year remain as opaque as ever, and the Manager is ever cognisant of the risks. The Company's portfolio remains globally well diversified, although the currency exposure is largely hedged back into pounds sterling as that is the home currency of the vast majority of our shareholders.

Your Directors believe that the Company is well positioned for the future, with inflation protection in the form of long-dated index-linked securities, protection from the debasement of fiat currencies through exposure to gold, insurance against further disruption in the corporate debt markets and a low but potent weighting to cyclical equities in case we're wrong and markets recover and value stocks come back into fashion. As ever, our investment strategy is designed to produce positive returns over any 12 month period – a laudable objective which, over the years, has largely been met. The investment case is set out in much more erudite terms and in far greater depth in the Manager's report, which I commend to you.

Ashe Windham

10 September 2020

# Business model and strategy

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Ruffer Investment Company Limited ('the Company') carries on business as a closed-ended investment company. Its shares are traded on the Main Market of the London Stock Exchange (LSE) and it was admitted to the premium segment of the Official List of the UK Listing Authority on 20 December 2005. The Company is externally managed by Ruffer AIFM Limited, a UK investment manager authorised and regulated in the conduct of investment business in the United Kingdom by the Financial Conduct Authority (FCA). Ruffer AIFM Limited is also the Alternative Investment Fund Manager (AIFM) of the Company.

## Board

The Board of Directors is responsible for the overall stewardship of the Company, including general management, structure, finance, corporate governance, marketing, risk management, compliance, gearing, contracts and performance. Biographical details of the Directors, all of whom are non-executive, are listed on pages 25 and 26 and on the Management and Administration summary on page 108. The Company has no executive directors or employees.

The Board has contractually delegated to external parties various functions as disclosed in the Corporate Governance Statement on pages 42 to 43.

## 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.

The Bank of England reduced rates from 0.75% to 0.25% on 18 March 2020, and to 0.1% on 23 March 2020. The blended average rate for the year ended 30 June 2020 was therefore 0.57%.

The Company predominantly invests in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supra-nationals or government organisations.

## Investment strategy

The Company's strategy is to create a balanced portfolio of offsetting assets which in aggregate are intended to enable the Company to meet its investment objective. The aspiration remains to produce consistent positive returns, regardless of the performance of financial markets. Over shorter periods this is likely to result in the Company lagging sharply-rising equity markets, but outperforming falling equity markets. This strategy will be implemented predominantly through investments in listed securities, collective investment schemes and currencies but the Manager has the flexibility to use other asset classes should it be necessary to do so.

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The investment strategy has been tested in the last 12 months and has proved robust, but markets are changing quickly and we acknowledge the need to be nimble; the speed of the decline in global markets in 2020 was unprecedented but the recovery has been similarly swift. In order to achieve the Company's investment objective we need to be able to perform in both sharply rising and sharply falling asset markets. This means that we maintain a defensive stance with allocations to index-linked bonds, gold, credit protection and options, but also hold a small but potent book of cyclical equities which will perform well should economic and financial conditions improve significantly from here.

#### Investment policy

In selecting investments, the Company adopts a stock picking approach and does not adopt any investment weightings by reference to any benchmark. Both the Board and the Investment Manager believe that the adoption of any index related investment style would inhibit the ability of the Company to deliver its objective.

The Company invests across a broad range of assets, geographies and sectors to achieve its objective. This allocation will change over time to reflect the risks and opportunities identified by the Investment Manager across global financial markets, with an underlying focus on capital preservation. The allocation of the portfolio between different asset classes will vary from time to time so as to enable the Company to achieve its objective. There are no restrictions on the geographical or sectoral exposure of the portfolio (except those restrictions noted below).

The universe of equity, equity related securities or bonds in which the Company may invest is wide and may include companies domiciled in, and bonds issued by entities based in, non-European countries, including countries that are classed as emerging or developing. This may result in a significant exposure to currencies other than pound sterling. Where appropriate, the Manager will also use in-house funds to gain exposure to certain asset classes.

The Company may use derivatives, including (but not limited to) futures, options, swap agreements, structured products, warrants and forward currency contracts, for efficient portfolio management purposes only.

#### Investment restrictions and guidelines

It is not intended for the Company to have any structural gearing. The Company has the ability to borrow up to 30% of the NAV at any time for short term or temporary purposes, as may be necessary for settlement of transactions, to facilitate share redemption or to meet ongoing expenses.

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The proportion of the portfolio invested into companies based in emerging or developing countries will be limited, at the time of any investment, to below 15% of the Company's gross assets.

The Directors have determined that the Company will not engage in currency hedging except where the Investment Manager considers such hedging to be in the interests of efficient portfolio management.

The Directors have determined that no more than 15% in aggregate of the Company's gross assets at the time of acquisition will be invested in listed investment companies (including investment trusts), with a maximum of 10% of gross assets invested in investment companies not having stated investment policies allowing them to invest no more than 15% of their own gross assets in other UK listed investment companies (including investment trusts).

### General

In accordance with the requirements of the United Kingdom Financial Conduct Authority (FCA), any material changes in the Investment Policies and Objectives of the Company may only be made with the approval of shareholders.

### Investment of assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Company's Investment Manager which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the investment policy and other investment restrictions during the reporting year. The Company's Top Ten holdings and Portfolio Statement are on page 24 and pages 103 to 106 respectively.

### Environmental policy

Whilst the Company has a limited carbon footprint in respect of its day to day activities, the Board notes that Ruffer AIFM Limited recognises that environmental responsibility is core to its longer term business success, and actively integrates environmental, social and corporate governance (ESG) issues into its investment process. Ruffer AIFM Limited's environmental, social and governance policy is available upon request from the Investment Manager. For a little more detail, please see the Chairman's comments on Responsible Investing in his report.

A number of environmental initiatives have been introduced by the Board and the Administrator, as follows–

- 1 Minimising printing of Board materials
- 2 Deemed consent from shareholders to accept electronic copies of documents

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- 3 Use of recycled paper for Annual and Interim Reports for shareholders requiring hard copies
  - 4 Use of recycled Woodland Trust printer paper by the Administrator, which funds new UK woodland and
  - 5 Fairtrade tea and coffee and tap water, rather than bottled water, served at all Board meetings.

In addition, the Board intends to carbon balance Directors' and Investment Manager's flights upon resumption of business travel.

#### Shareholder value

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective of realising a positive total annual return, after all expenses, of at least twice the return of the Bank of England Bank Rate. Having considered the portfolio performance and investment strategy, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

#### Dividend policy

The Board's policy is to pay dividends semi-annually, which are typically declared in September and March, with an objective of distributing a minimum of 85% of the Company's net revenue each year.

Dividends will only be paid from the Company's revenue account and not from capital. Dividend payments by the Company will depend on the net income stream generated by the underlying investments in the Company's investment portfolio and therefore no assurance can be given that dividends will continue to be paid.

The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008, whereby the Board must be satisfied on reasonable grounds that the Company will, immediately after payment of any dividend, be able to pay its debts as they become due and that the value of the Company's assets would be greater than the value of its liabilities.

The Board presently expects that a total annual dividend of at least 1.85p per share could be supported for a period of time utilising, if necessary, the revenue reserves, however the Board has the discretion to reduce the dividend or not to declare a dividend, as appropriate in consideration of the financial position of the Company.

Details of the dividends paid during the year are set out in note 5 to the Financial Statements on page 78.

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### Principal risks and uncertainties and their management

The Board has undertaken a robust assessment of the principal risks facing the Company and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. As stated within the Report of the Audit and Risk Committee on page 49, the Board, with the assistance of the Administrator and the Investment Manager, has drawn up a risk assessment matrix, which identifies the key risks to the Company. The principal risks and uncertainties faced by the Company, and the mitigating factors adopted by the Company, are summarised below.

**Investment risks** – the Company is exposed to the risk that its portfolio fails to perform in line with the Company’s objectives. The Board reviews reports from the Investment Manager at each quarterly Board meeting and at other times when expedient, paying particular attention to the diversification of the portfolio and to the performance and volatility of underlying investments.

**Operational risks** – the Company is exposed to the risks arising from any failure of systems and controls in the operations of the Investment Manager or the Administrator. The Board receives reports annually from the Investment Manager and Administrator on their internal controls and reviews pricing reports covering the valuations of underlying investments at each quarterly Board meeting. The Board can and does receive explanations and assurances from its key suppliers as to their plans and ability to respond during times of crisis, such as at present following covid-19.

**Accounting, legal and regulatory risks** – the Company is exposed to the risk of action or sanction by shareholders, counterparties or regulators if it fails to comply with the regulations of the UK Listing Authority or the Guernsey Financial Services Commission or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements.

**Financial risks** – the financial risks faced by the Company include market, credit and liquidity risk. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting. Further details on financial risks are discussed in note 19 of the Financial Statements on pages 88 to 100.

**Emerging risks** – the Board is constantly alert to the identification of any new or emerging risks through the monitoring of the Company’s investment portfolio and by conducting regular reviews of the Company’s risk assessment matrix. Should an emerging risk be identified the risk assessment matrix is updated and appropriate mitigating measures and controls will be agreed.

The covid-19 pandemic has presented a significant emerging risk to the global economy and financial markets and resulted in an unprecedented level of market volatility and disruption earlier

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this year. The impact of the pandemic is discussed further in the Chairman’s review, the Investment Manager’s report and the report of the Audit and Risk Committee on page 48.

The Board seeks to mitigate and manage these risks through continual review, policy-setting, enforcement of contractual obligations and monitoring of the Company’s investment portfolio. The Board, Investment Manager and the Company’s Broker also regularly monitor the investment environment in order to identify any new or emerging risks.

### Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of cash and cash equivalents and securities which are readily realisable. The Directors also note that overall, due to the nature of the Company’s portfolio, which – as discussed in more detail in the Performance section of the Chairman’s Review and in the Investment Manager’s report – comprises both equities and other more defensive assets, it has not been affected significantly in terms of value or cashflows by the effects of the covid-19 pandemic. Accordingly, in the Directors’ opinion, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Matters relating to the going concern basis are also discussed in the Long Term Viability Statement below and note 2(c) on page 70.

### Long term viability statement

The Directors have assessed the prospects of the Company over a longer period than the 12 months minimum required by the ‘going concern’ provision. For the purposes of this statement, having regard to the economic planning cycle and the Company’s strategy review period, the Board has adopted a three year viability period.

In its assessment of the Company’s viability over the three year period the Board has considered each of the Company’s principal risks and emerging risks as detailed on pages 15 to 16 and in particular the impact of a significant fall in the value of the Company’s investment portfolio.

The Directors consider that a 30% fall in the value of the Company’s portfolio would be significant but would have little impact on the Company’s ability to continue in operation over the next three years. In reaching this conclusion, the Directors considered the Company’s expenditure projections, the fact that the Company currently has no borrowing, but has the ability to borrow up to 30% of its NAV and that the Company’s investments comprise predominantly readily realisable securities which can be expected to be sold to meet funding requirements if necessary, assuming market liquidity continues.



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Also, the Board has assumed that the regulatory and fiscal regimes under which the Company operates will continue in broadly the same form during the viability period. The Board speaks with its broker and legal advisers on a regular basis to understand issues impacting on the Company's regulatory and fiscal structure. The Administrator also monitors changes to regulations and advises the Board as necessary. The Board also has access to the Administrator's compliance resources as well as the compliance department of the AIFM.

Based on the Company's processes for monitoring operating costs, share discount, internal controls, the Investment Manager's performance in relation to the investment objective, the portfolio risk profile, liquidity risk and the robust assessment of the principal risks and uncertainties facing the Company, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

#### **Key performance indicators**

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are disclosed in detail on page 3.

# *Investment Manager's report*

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## **Performance review**

The share price return of 12.4% and the NAV return of 10.1% for the year to 30 June 2020 are good results at a time of significant market stress and profound economic uncertainty. The portfolio has achieved its objective of preserving shareholder capital regardless of the market conditions.

Furthermore, we have produced some much-needed growth and feel confident about our prospects from here.

Ruffer has now produced a positive return in the three major bear markets since the firm began in 1994, making money for our clients and shareholders in 2000-3, 2008 and... so far... in 2020.

Ruffer Investment Company, which was launched in 2004, has weathered two of these storms.

The first half of 2020 has demonstrated how the Ruffer strategy should perform. We protected capital in the sell-off in February and March, but we also managed to capture the rebound since April posting one of our strongest quarters ever in Q2 2020. This is reminiscent of our performance in 2008 when we produced strong NAV returns in a bear market and then followed up with a good return in 2009's bull market.

Although this report covers the last 12 months, the first eight seem remarkably insignificant in the context of the pandemic. We covered the major events in our interim report to December 2019.

Recapping what has happened since, after a positive start to 2020, stock markets plunged in March on escalating fears of the global impact of covid-19 and a Russian-Saudi oil price war. The virus shook the world and dragged the global economy into the deep freeze from February. The combination of these events revealed the structural and technical frailties in what we had come to call 'avalanche prone' markets. In the fastest decline in stock market history, equity markets fell by a third in just 22 days, hitting their lows on 23 March, the very day the UK officially went into lockdown.

Cue the cavalry. Stock markets rallied in the second quarter as central banks, very much led by the US, swung into their now habitual role of supporting asset prices. The size, breadth and swiftness of the monetary and fiscal intervention is unprecedented in peacetime and we wait to see whether it is sufficient to keep businesses and employment afloat, but for now at least, it has been a big enough bazooka to reassure investors. In April and May equity markets duly recorded one of their fastest recoveries.

## **Portfolio attribution**

Of course, we did not see the coronavirus crisis coming but our all-weather portfolio construction means whilst we don't need a crystal ball, we should always be prepared. In the downturn it was the portfolio's protective assets which generated the returns. In the last six months notable positive

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contributions came from credit protection (+6.2%), gold (+5.1%), index-linked bonds (+3.8%) and option protection (+3.3%). The negative side of the ledger was dominated by equities, where we were hit hard (-10.5%). Overall, in the acute period of the crisis the portfolio behaved in a balanced fashion and as we would expect.

It is worth highlighting the success of our unconventional protections which have cost the portfolio in recent years. The Ruffer Illiquid Multi-Strategies Fund contained our positions to benefit from rising credit spreads and burst into life, almost doubling at the peak of the market stress. The options on rising volatility and falling equity indices rose by between 20 and 100-fold, proving that whilst small in size they could be ferocious at the right moment. Lastly, the LF Ruffer Gold Fund rose 56% in the six months to 30 June 2020.

The equity book was bruising as stated above. Our holdings were deliberately potent because they were an offset to our large defensive positions elsewhere. Our focus on value and cyclicals resulted in many of our stocks falling more than the market as economic prospects collapsed. In the last 6 months, UK banks cost the portfolio (-2.8%) as optimism from the 2019 general election turned into recession and loan-loss concerns.

We continue to look for special situation stocks in areas such as merger-arbitrage where we generated fairly low risk profits (0.5%) in owning Celgene and Grubhub as they were taken over. The best performing individual stock for the year was Ocado which is transforming from a food retailer to a global software platform and rose 72% adding 0.7% to performance.

### Portfolio changes

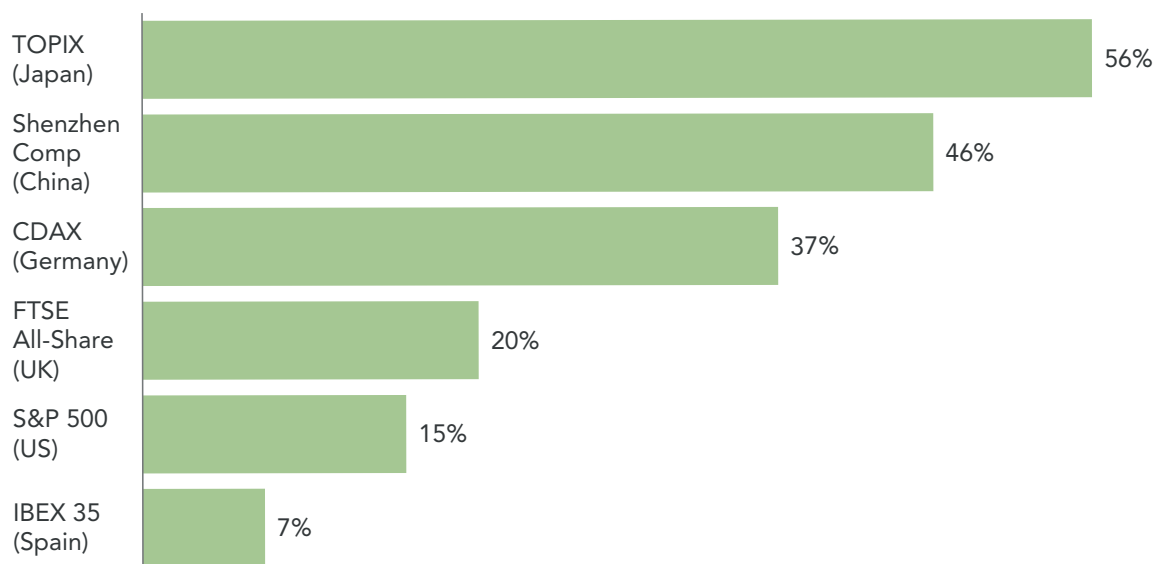
We entered 2020 defensively positioned due to a wide variety of economic, political and market risks which we did not believe were discounted in elevated valuations and stretched balance sheets.

In January we bought a basket of Japanese companies which we believe are ripe for engagement and activism to improve governance and shareholder returns by paying out excess cash, selling down cross-shareholdings, or engaging in M&A. The virus has disrupted the positive trend in corporate activity, but these businesses are extremely conservatively run and compellingly valued. These are small positions individually but cumulatively add up to almost 2% of the portfolio.

The Japanese market in general has two ways to win thanks to its previous conservatism. Due to Japanese companies' robust balance sheets they can now be on the front foot to take market share and invest in growth or alternatively they can increase their dividend pay-out ratios and become a source of income in a yield starved world.

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% of companies with net cash balance sheets



In March we faced a decision about adding to equities as they fell. Rather than catching what felt like a falling knife in the equity market, we were excited to be given an opportunity to add to distressed and disrupted positions in other asset classes. We added more than 2% to gold equities in mid-March: these had sold off in line with the equity market and had not yet started to respond to the improving fundamentals for gold – zero rates and quantitative easing, or for their operating costs – cheaper labour and oil prices.

Another casualty of the panic and forced selling was US inflation-linked bonds. This presented a brief but compelling opportunity to extend the duration of our US TIPS. We moved 8% of the portfolio from short dated bonds out to beyond 2040 giving this part of the portfolio greater potency should real yields fall.

These two moves increased our portfolio risk and duration but in a more oblique and targeted fashion than buying equities. On a risk adjusted basis this was one of the most attractive trades we have made in the last decade, the forced selling was purely technical and we could deploy a large amount of capital quickly. We preferred the risk/reward in these trades over equities as they were closer to the source of a rally which was likely to be driven by government intervention.

We added a little to existing holdings in Royal Bank of Scotland and Lloyds. We re-initiated a position in Barratt Developments, the housebuilder. A new holding, Vinci, is a key infrastructure player in France controlling roads, concessions, and construction. We managed to buy it well, almost 50% off its recent highs with a 10% free cashflow yield.

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Towards the end of the period we continued to take profits in quality and growth companies, trimming Ocado, Sony and US healthcare stocks. The proceeds have been used to focus the equity book more into value and cyclical stocks. Recent additions include American Express, Charles Schwab and Cemex. Overall, we maintain a low equity weighting given the market and economic outlook.

### **Investment outlook**

As always, our goal remains to provide consistent positive returns regardless of what the market or economy throws at us. There is an epoch-defining tug-of-war going on between the unprecedented interventions of governments and central banks versus the unimaginable disruption to the functioning of the global economy caused by the pandemic. One of the most obvious consequences is that the inflationary endgame is closer and more likely than it was six months ago. Borrowing is currently going through the roof in order to fund the emergency measures put in place by governments. Previously one might have said that keeping interest rates below the rate of inflation (financial repression) was desirable, now it is a necessity if these promises are going to be affordable.

The world today, in lockdown, is unequivocally deflationary but the solutions are unequivocally inflationary. A significant change of the last six months is that politicians rather than central bankers now have their hands on the steering wheel and they have an entirely different set of objectives and incentives.

The stable inflationary environment of the last 30 years leads to a problem of imagination. Nobody much under 60 has any clear memory of what it is like to deal with inflation as a real world problem. But inflation is very much a behavioural phenomenon – if you know your money will not be worth as much tomorrow, you will go out and spend it today. For now these expectations lie dormant, but they can very quickly become self-reinforcing as we recently saw with the rush to turn money into goods on supermarket shelves. Remember at its simplest, inflation is caused by too much money spent chasing too few goods.

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On top of this, austerity is dead and fiscal spending is here to stay. What's more it is currently being financed by central bank money printing.

It doesn't matter whether it is the political left or the right in power – they all have their own expensive plans to stimulate and get the economy going again.

From the US Democrats' Green New Deal or Medicare-for-All, Trump's Coronavirus Stimulus Cheques, to Rishi Sunak's furlough schemes, bounce back loans and stamp duty holidays, the spending rabbit is well and truly out of the hat.

But the problem with 'printing money' is one of control. Once voters know that unfettered money can be bestowed so easily, politicians will suffer greater pressure to create more! As Milton Friedman said, 'Nothing is so permanent as a temporary government program'.



This is an environment of financial repression – interest rates held below the rate of inflation for a sustained period. We have already endured it for a decade and we think it is going to get worse.

In short, we are entering a new regime, and in contrast to the world we have lived through it will favour labour over capital and will be less friendly to the asset owner. This means our job of protecting our shareholders is getting harder but it also makes the answer clearer, more certain.

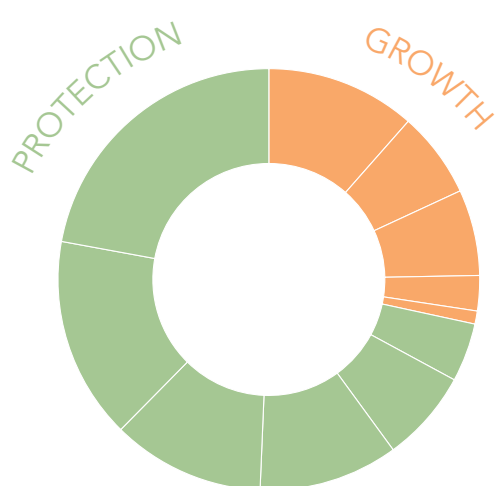
The solutions to the crisis this time have resulted in money being injected directly into the real economy and people's pockets, those companies and citizens who desperately need it and will spend it. Quite the contrast to stimulus being stuck on bank balance sheets as happened in the aftermath of the global financial crisis.

Economic and market regimes matter: we think the corona-crisis will act as an accelerant into a new regime of high economic and market volatility and higher inflation. All of these are bad for asset prices. If this is the case, then investors must protect themselves against it. This world will require a profoundly different portfolio from the one which has served investors well over the last couple of decades.

A portfolio of index-linked bonds, gold and value stocks (which benefit from stimulated GDP growth) and a significant sprinkling of protection against market calamity looks to be the right mix. We have survived the initial onslaught but this story is not over; economic events have gone from a jarring spectacle to a corrosive malaise which will play out over the coming months and maybe years.

At Ruffer our approach has always been not to try to precisely time events, but to position our portfolio in anticipation of the environment we believe will inevitably emerge. We will continue to strive to produce a defensive, uncorrelated return which can offer useful diversification and peace of mind to our shareholders.

Asset allocation



	30 June 20 %	30 June 19 %
Non-UK index-linked bonds	21.6	12.4
Credit protection and options	13.0	8.4
Cash and other net assets	9.7	4.0
Gold and gold equities	11.6	7.7
Long-dated index-linked gilts	10.1	13.6
Short-dated gilts	3.6	12.4
Other index-linked gilts	0.5	0.6
UK equities	13.0	10.7
	%	%
North America equities	6.9	14.4
Japan equities	6.8	10.8
Europe equities	2.6	3.8
Asia ex-Japan equities	0.6	1.2

Source: Ruffer LLP

Ruffer AIFM Limited

10 September 2020

# Top ten holdings

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Investments	Currency	Holding at 30 June 20	Fair value £	% of total net assets
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	52,961,000	38,549,570	8.68
US Treasury Bond 1.75% 2028	USD	22,000,000	25,913,689	5.83
UK index-linked gilt 0.125% 2068	GBP	6,800,000	24,022,377	5.41
UK index-linked gilt 0.375% 2062	GBP	6,050,000	20,768,378	4.67
Ruffer Protection Strategies International*	GBP	5,500,177	19,058,664	4.29
LF Ruffer Gold Fund*	GBP	5,522,869	18,068,245	4.07
UK index-linked gilt 2% 2020	GBP	16,000,000	16,016,640	3.60
US Treasury inflation indexed bond 0.625% 2043	USD	15,000,000	15,907,788	3.58
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	71,400	15,477,398	3.48
US Treasury Bond 0.75% 2045	USD	14,000,000	15,055,010	3.39

\* Ruffer Illiquid Multi Strategies Fund 2015 Ltd and Ruffer Protection Strategies International are classed as related parties as they share the same Investment Manager (Ruffer AIFM Limited) as the Company. LF Ruffer Gold Fund and Ruffer SICAV UK Mid & Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.



# Directors

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At the date of this report, the Company has six non-executive Directors, all of whom are independent.

**Ashe Windham**, CVO, aged 63 and a resident of the United Kingdom. After an eleven year career as an officer in the British Army, he joined Barclays de Zoete Wedd (BZW) in 1987 as an institutional equities salesman and was appointed a director of BZW's Equities Division in 1991. He joined Credit Suisse First Boston in 1997 when they acquired BZW's equities business. In 2004 he joined Man Investments as Head of Internal Communications and in 2007 became Man Group's Global Head of Internal Communications. In June 2009 he resigned from Man Group plc to set up a private family office. He is a non-executive director of EFG Asset Management (UK) Ltd, a non-executive director of Miton UK MicroCap Trust Plc and a director of The Prince's Foundation. Mr Windham was appointed to the Board on 24 February 2009 and will retire as a Director of the Company at the forthcoming AGM to be held on 4 December 2020.

**Shelagh Mason**, aged 61 and a resident of Guernsey, is a solicitor specialising in English commercial property as a consultant with Collas Crill LLP. She is also non-executive Chairman of the Channel Islands Property Fund Limited, sits on the Board of Riverside Capital PCC and Skipton International Limited, a Guernsey Licensed bank, and is a non-executive director of the Renewables Infrastructure Fund, a FTSE 250 company. Previously Shelagh was a member of the board of directors of Standard Life Investments Property Income Trust, a property fund listed on the London Stock Exchange for 10 years until December 2014. She retired from the board of Medicx Fund Limited, a main market listed investment company investing in primary healthcare facilities in 2017 after 10 years on the board. She is a past Chairman of the Guernsey Branch of the Institute of Directors and a member of the Chamber of Commerce, the Guernsey International Legal Association and she also holds the IOD Company Direction Certificate and Diploma with distinction. Mrs Mason was appointed to the Board on 1 June 2020.

**Christopher Russell**, aged 71 and a resident of Guernsey, is a non-executive director of investment and financial companies. These include Hanseatic Asset Management Ltd, a family office in Guernsey, and JPMorgan Global Core Real Estate Assets Ltd, a vehicle which invests in unlisted global JPMorgan real estate and infrastructure funds. Prior to a non-executive career, Chris was a director of Gartmore Investment Management plc, where he was Head of Gartmore's businesses in the US and Japan. Before that he was a holding board director of the Jardine Fleming Group in Asia, resident in Japan then Hong Kong. Prior to joining Flemings in London, he was with Phillips & Drew Asset Management. He is a Fellow of the UK Society of Investment Professionals and a Fellow of the Institute of Chartered Accountants in England and Wales. He was commissioned by

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John Wiley to publish in 2006 ‘Trustee Investment Strategy for Endowments and Foundations’. Mr. Russell was appointed to the Board on 1 December 2016 and will take over as Chairman of the Board following Ashe Windham’s retirement on 4 December 2020.

**Jill May**, aged 59 and a resident of the United Kingdom, has 25 years’ experience in investment banking, 13 years in M&A with S.G. Warburg & Co. Ltd. and 12 years as a Managing Director at UBS, focused on group strategy and organisational change. She has broad knowledge of investment banking, asset management and private banking in the UK and EMEA. She is an External Member of the Prudential Regulation Committee of the Bank of England and was a non-executive director of the CMA from its inception in 2013 until October 2016, and a Panel Member of the CMA until 2018. She is a non-executive director of JPMorgan Claverhouse, a UK listed investment trust, Standard Life Investments Property Income Trust, a UK-listed REIT, and of AlphaFMC, a UK-listed financial consulting company. Ms. May was appointed to the Board on 17 March 2017.

**David Staples**, aged 63 and a resident of Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation. He also holds the Institute of Directors’ Diploma in Company Direction. For thirteen years until 2003, Mr Staples was a partner with PricewaterhouseCoopers (PwC) and led the tax practice in the South East of England advising several large family and owner-managed businesses. He was also a member of the management board of the firm’s London and South East Middle Markets Tax Practice. Since leaving PwC, Mr Staples has joined the boards of several listed companies as a non-executive director. He was, until recently, chairman of MedicX Fund Limited and chairman of the audit committees of Henderson Far East Income Limited and Aberdeen Private Equity Fund Limited. He is currently a director of NB Global Floating Rate Income Fund Limited and Baker Steel Resources Trust Limited, both of which are listed on the London Stock Exchange. His other appointments include directorships of the general partners of six private equity funds advised by Apax Partners. Mr Staples was appointed to the Board on 2 March 2018.

**Nicholas Pink**, aged 52 and a resident of the United Kingdom, has extensive senior management experience in financial services with previous roles at UBS Investment Bank, including Global Head of Research, Head of European Research, Head of Asia Research and Head of European Equities. Prior to this he was Head of European Utilities Research at UBS Investment Bank. He is a non-executive director of JP Morgan Russian Securities plc, a UK-listed investment trust. Mr Pink was appointed to the Board on 1 September 2020.

# Report of the Directors

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The Directors of the Company present the audited Financial Statements and their report for the year ended 30 June 2020 which have been prepared in accordance with the Companies (Guernsey) Law, 2008 ('the Company Law').

## Registration

The Company was incorporated with limited liability in Guernsey on 1 June 2004 as a company limited by shares and as an authorised closed-ended investment company. As an existing closed-ended fund the Company is deemed to be granted an authorised declaration in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008.

## Principal activity and investment objective

The Company is a Guernsey authorised closed-ended investment company with a premium listing on the London Stock Exchange (LSE). The principal objective of the Company is detailed in the Business Model and Strategy on page 11 of the Financial Statements.

## Block listing facility

The block listing facility is set out in note 13 on page 83.

## Purchase of own shares by the Company

The Company may purchase, subject to various terms as set out in its Articles and in accordance with the Companies (Guernsey) Law, 2008, up to 14.99% of the Company's shares in issue following the admission of shares trading on the LSE's market for listed securities. For additional information refer to note 20 on pages 100 to 102.

The Company did not buy back any shares during the year (30 June 2019: Nil).

The Board also has the discretion to operate the Redemption Facility, offering shareholders the possibility of redeeming all or part of their shareholding for cash at NAV, if it appears appropriate to do so.

## Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 67. Details of dividends paid and proposed are set out in note 5 on page 78.

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### Subsequent events

Events occurring after the balance sheet date are disclosed in note 21 on page 102 in the Financial Statements.

### Shareholder information

The Company announces its unaudited NAV on a weekly basis and at the month end. A monthly report on investment performance is published by the Company's Investment Manager, on the Investment Manager's website, [ruffer.co.uk](http://ruffer.co.uk).

### Investment management

The key terms of the Investment Management Agreement and specifically the fee charged by the Investment Manager are set out in notes 8 and 16 of the Financial Statements.

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective of realising a positive total annual return, after all expenses, of at least twice the return of the Bank of England Bank Rate.

In accordance with Listing Rule 15.6.2 (2) R and having formally appraised the performance, investment strategy and resources of the Investment Manager, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

The Investment Management Agreement will continue in force until terminated by the Investment Manager or the Company giving to the other party thereto not less than 12 months' notice in writing.

### Directors

The details of the Directors of the Company during the year and at the date of this report are set out on pages 25 and 26 and in the Management and Administration summary on page 108.

### Directors' interests

The details of the number of redeemable participating preference shares held beneficially by the Directors who held office at 30 June 2020 and up to the date of this report are set out on in note 16 on page 86.

### Substantial share interests

As at 13 August 2020\*, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued shares.

Investor	Shares held	% of issued share capital
Rathbones	20,243,402	11.20
Brewin Dolphin, stockbrokers	16,500,743	9.13
Hargreaves Lansdown, stockbrokers	10,267,229	5.68
Charles Stanley	9,506,038	5.26
Tilney	9,317,394	5.15
Ruffer	6,898,109	3.82
EFG Harris Allday, stockbrokers	5,824,923	3.22
1607 Capital Partners	5,646,723	3.12
Canaccord Genuity	5,583,090	3.09
BMO Global Asset Management	5,431,224	3.00

\* Data is taken from the latest available Share Register Analysis produced by Richard Davies Investor Relations Limited.

### International tax reporting

For the purposes of the US Foreign Accounts Tax Compliance Act (FATCA), the Company registered with the US Internal Revenue Service (IRS) as a Guernsey reporting Foreign Financial Institution (FFI) in June 2014, received a Global Intermediary Identification Number (99DLPF.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard (CRS) is a standard developed by the Organisation for Economic Co-operation and Development (OECD) and is a global approach to the automatic exchange of tax information, to counter tax evasion and to build upon other information-sharing legislation, such as FATCA. Guernsey has adopted the CRS, which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve tax compliance that had previously applied in respect of 2014 and 2015.

The Board confirms that the Company's FATCA and CRS submissions for 2019 were submitted by the deadline of 30 June 2020.

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The Company is committed to zero tolerance towards the facilitation of tax evasion.

#### Alternative Investment Fund Managers Directive

The Company is categorised as a non-EU Alternative Investment Fund (AIF). The AIFMD seeks to regulate managers of AIFs, such as the Company. It imposes obligations on AIFMs who manage AIFs in a member state of the European Economic Area (EEA state), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an AIFM must be appointed and must comply with various organisational, operational and transparency requirements.

The Company has appointed the Investment Manager to act as AIFM on behalf of the Company. The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. The AIFM has no direct employees as it delegates its duties to Ruffer LLP. Ruffer LLP's employee remuneration disclosure requirements under the AIFMD are included in its Pillar III remuneration disclosure statement.

#### Non-mainstream pooled investments

The Company intends to be operated in such a manner that its shares are not categorised as non-mainstream pooled investments. This means that the Company may pay dividends in respect of any income that it receives or is deemed to receive for UK tax purposes so that it would qualify as an investment trust if it were UK tax-resident.

#### Disclosure of information to the Independent Auditor

Each of the persons who is a Director at the date of approval of the Financial Statements confirms that

- 1 so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware and
- 2 each Director has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008 ('company law').

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### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable Guernsey law and regulations.

Guernsey company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements, International Accounting Standard 1 requires that directors –

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable, relevant and reliable
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- use the going concern basis of accounting, unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with Company Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

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### Responsibility statement

We confirm that to the best of our knowledge –

- the Financial Statements have been prepared in conformity with IFRS as issued by the IASB and adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.1.12
- the Annual Financial Report, taken as a whole, is fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company’s performance, business model and strategy and
- the Annual Financial Report including information detailed in the Chairman’s review, the Report of the Directors, the Investment Manager’s report, the Report of the Depositary and the notes to the Financial Statements, includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces, as required by
  - a DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company and
  - b DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

On behalf of the Board

David Staples

Director

10 September 2020



# Corporate governance statement

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## Corporate governance

On 1 January 2016, the Company became a member of the Association of Investment Companies (AIC) and complies with The 2019 AIC Code of Corporate Governance issued in February 2019 ('the AIC Code'), effective for accounting periods commencing on or after 1 January 2019. By complying with the AIC Code, the Company is deemed to comply with both the UK and Guernsey Financial Services Commission ('GFSC') corporate governance codes.

To ensure ongoing compliance with these principles the Board receives a report from the Company Secretary on an annual basis identifying how the Company is in compliance and identifying any changes that might be necessary.

The AIC Code is available in the AIC's website, [www.theaic.co.uk](http://www.theaic.co.uk).

The Board, having reviewed the AIC Code, considers that it has maintained procedures during the year ended 30 June 2020 and up to the date of this report to ensure that it complies with the AIC Code except as explained elsewhere in the Corporate Governance Statement.

## Guernsey regulatory environment

The GFSC's Finance Sector Code of corporate governance ('the GFSC Code') comprises Principles and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the GFSC can better assess the governance exercised over companies in Guernsey's finance sector. The GFSC recognises that the different nature, scale and complexity of business will lead to differing approaches to meeting the GFSC Code.

## Role of the Board

The Board is the Company's governing body and has overall responsibility for ensuring the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows –

- statutory obligations and public disclosure
- strategic matters and financial reporting
- review of investment performance and associated matters
- risk assessment and management including reporting compliance, governance, monitoring and control and
- other matters having a material effect on the Company.

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The Board's responsibilities for the Annual Report are set out in the Statement of Directors' Responsibilities on pages 31 and 32.

The Board has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of accounting and company secretarial services. The Board has adopted a schedule of matters specifically reserved for its decision-making and distinguishing these from matters it has delegated to the Company's key service providers.

The Board needs to ensure that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In seeking to achieve this, the Directors have set out the Company's investment objective and strategy (see pages 11 to 12) and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Financial Statements the Board has sought to provide further information to give shareholders a fair, balanced and understandable view.

### Relations with shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of its shareholders from the Company's Broker and Investment Manager which are taken into consideration as part of the Board's decision-making process.

The Chairman and other Directors are available to meet shareholders if required and the AGM of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company.

The Chairman and Directors offer to meet with shareholders at regular investor presentations co-ordinated by the Investment Manager to discuss key strategic matters and any issues raised by shareholders. At present, due to covid-19 restrictions, these presentations are confined to on-line interactions rather than face-to-face meetings.

In addition, the Investment Manager maintains a website which contains comprehensive information, including financial reports, prospectus and monthly reports on investment performance which contains share price information, investment objectives, investment reports and investor contacts.

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### Stakeholders and section 172

Whilst directly applicable to companies incorporated in the UK, the Board recognises the intention of the AIC Code that matters set out in section 172 of the Companies Act, 2006 are reported. The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process. As an investment company the Company does not have any employees and conducts its core activities through third-party service providers. Each service provider has an established track record and is required to have in place suitable policies and procedures to ensure it maintains high standards of business conduct, treats customers fairly, and employs corporate governance best practice.

The Board's commitment to maintaining high-standards of corporate governance, combined with the Directors' duties incorporated in the Companies (Guernsey) Law, 2008, the Company's constitutive documents, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, ensure that shareholders are provided with frequent and comprehensive information concerning the Company and its activities.

Whilst the primary duty of the Directors is owed to the Company as a whole, the Board considers as part of its decision-making process the interests of all stakeholders. Particular consideration is given to the continued alignment between the activities of the Company and those that contribute to delivering the Board's strategy, which include the Company's Investment Manager, the AIFM, the Administrator, the Broker and the Custodian.

Through the Board's ongoing programme of shareholder engagement and the reports produced by each key service provider at quarterly Board meetings, the Directors are satisfied that sufficient information is provided so as to ensure the matters set out in section 172 of the Companies Act are taken into consideration as part of the Board's decision-making process.

The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Company's operations can be raised with the Company Secretary.

### Composition and independence of the Board

The Board currently comprises six non-executive Directors, all of whom are considered to be independent. The Board considers that it has a good balance of skills and experience to ensure it operates effectively. The Directors of the Company are listed on pages 25 and 26 and in the Management and Administration summary on page 108.

The Company has no employees and therefore there is no requirement for a chief executive. None of the Directors has a contract of service with the Company.

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The current Chairman of the Board is Mr Ashe Windham.

Mr Windham will retire as Chairman of the Board at the forthcoming AGM of the Company to be held on 4 December 2020. Mr Russell will be appointed as Chairman of the Board following Mr Windham's retirement.

The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Each of Mr Windham and Mr Russell are considered independent because they –

- have no current or historical employment with the Investment Manager
- have not provided any professional advisory services to the Investment Manager and
- have no current directorships in any other investment funds managed by the Investment Manager.

As disclosed in note 16, Mr Windham has a small family holding in RML, the Managing Member of Ruffer LLP, however this amounts to less than 1% of RML's issued capital, and is therefore not regarded as sufficiently material to affect Mr Windham's independence.

As Chairman, Mr Windham is responsible for leading the Board of Directors and for ensuring its effectiveness in all aspects of its role. The key responsibilities of the Chairman are as follows –

- meeting with major shareholders to obtain a balanced understanding of any issues, concerns, and providing feedback to the Board
- demonstrating ethical leadership and promoting the highest standards of integrity, probity and corporate governance throughout the Company
- setting the Board's agenda and ensuring the Board has in place effective decision-making processes which are supported by accurate and high-quality information and
- leading the annual performance evaluation of the Board and taking all appropriate actions based on the results of the evaluation.

In accordance with the AIC Code and in recognition of the Board's desire to maintain high standards of corporate governance, the Board appointed Mr Christopher Russell as the Company's Senior Independent Director ('SID') with effect from 19 September 2019. Mrs Jill May will replace Mr Russell as SID upon his appointment as Chairman of the Company at the AGM on 4 December 2020.

The key roles and responsibilities of the SID are as follows –

- providing support to the Chairman in relation to matters of Board effectiveness and governance

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- being available to shareholders and the other Directors as an additional point of contact or to communicate any concerns to the Board
  - leading the annual performance evaluation of the Chairman of the Board and succession planning for the Chairman’s role and
  - attending meetings with major shareholders alongside the Chairman, as required.

The Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Documented contractual arrangements are in place with these companies which define the areas where the Board has delegated responsibility to them. For additional information refer to pages 42 and 43.

The Company holds a minimum of four Board meetings per year to discuss strategy, general management, structure, finance, dividend payments, capital management, corporate governance, ESG matters, marketing, risk management, compliance and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board, enabling it to determine policy and to monitor performance, compliance and controls but these meetings are supplemented by communication and discussions throughout the year.

Representatives of the Investment Manager, Administrator and Company Secretary attend each Board meeting either in person or by telephone thus enabling the Board to fully discuss and review the Company’s operations and performance. In addition, representatives from the Company’s Broker attend at least two Board meetings a year. Each Director has direct access to the Investment Manager and Company Secretary and may at the expense of the Company seek independent professional advice on any matter.

Attendance at the Board and other meetings during the year was as follows –

	Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings	
	Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
Ashe Windham	4	4	5	5	1	1
John V Baldwin	3	3	4	3	–	–
Christopher Russell	4	4	5	4	1	1
Jill May	4	4	5	5	1	1
David Staples	4	4	5	5	1	1
Shelagh Mason	1	1	1	1	1	1

Note: Relates to all meetings scheduled during each Director’s term of office. John V Baldwin resigned as a Director on 31 May 2020. Shelagh Mason was appointed as a Director on 1 June 2020.

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In addition to the above meetings, a number of ad-hoc meetings were held, especially during the last four months of the year, in order to brief the Directors on the fast moving market developments and to ensure that the Director succession plans were finalised and implemented.

### Conflicts of interest

Directors are required to disclose all actual and potential conflicts of interest as they arise for approval by the Board, who may impose restrictions or refuse to authorise conflicts. The process of consideration and, if appropriate, approval will be conducted only by those Directors with no material interest in the matter being considered. The Board maintains a Conflicts of Interest policy which is reviewed periodically and a Business Interests and Potential Conflicts of Interest Register which is reviewed by the Board at each quarterly Board meeting.

### Directors' indemnity

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

### Re-election

The Company's Articles prescribe that, at each AGM, one-third of the Directors shall retire from office and may offer themselves for re-election. However, in line with best practice, the Board has determined that all of the Directors should stand for re-election at each AGM.

On 5 December 2019 at the 14th AGM of the Company, Ashe Windham, John V Baldwin, Jill May, Christopher Russell and David Staples retired as Directors of the Company and, being eligible, had offered themselves for re-election, and were re-elected as Directors of the Company by the Shareholders.

During the year, John V Baldwin retired as a Director, and Shelagh Mason was appointed in his place. Subsequent to the year end, Nicholas Pink was appointed as a Director. With effect from 4 December 2020, the date of the 15th AGM of the Company, Ashe Windham will retire as a Director, and Christopher Russell will replace him as Chairman. As noted in the Chairman's review, the Board has determined that a Director of the Company, who subsequently becomes Chairman, should serve for no longer than 12 years in total. At the 15th AGM, Jill May, Christopher Russell, David Staples, Shelagh Mason and Nicholas Pink will retire as Directors and, being eligible, will offer themselves for re-election, or, in the case of the latter two, for election.

The Board remains satisfied that the individual contributions of each Director are, and will continue to be, important to the Company's long-term sustainable success. Accordingly, each of

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the Directors, other than Mr Windham, will be proposed for re-election or election at the forthcoming AGM of the Company to be held on 4 December 2020. Further details regarding the experience of each of the Directors are set out on pages 25 and 26.

The Directors may at any time appoint any person to be a Director either to fill a vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for re-election or election at, the next general meeting following their appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if it is an AGM.

#### **Board evaluation**

The Board conducts an annual self-evaluation of its performance and that of the Company's individual Directors, which is led by the Chairman and, as regards the Chairman's performance evaluation, by the Senior Independent Director. The annual self-evaluation considers how the Board functions as a whole, taking into account the balance of skills, experience and length of service of each Director, and also reviews the individual performance of its members.

To facilitate the self-evaluation, the Company Secretary circulates a detailed questionnaire to each Director and a separate questionnaire for the evaluation of the Chairman. The questionnaires, once completed, are returned to the Company Secretary who collates responses, prepares a summary and discusses the Board evaluation with the Chairman prior to circulation to the remaining Board members. The performance of the Chairman is evaluated by the other Directors, led by the Senior Independent Director.

The Board considers the annual self-evaluation process to be appropriate having regard to the non-executive role of the Directors and the significant outsourcing of services by the Company to external providers. The Board intends to engage a third-party consultant during the course of the 2021 financial year to conduct an independent evaluation of the Board.

#### **Board succession planning**

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme is in place for all Director appointees. Any proposals for a new Director are discussed and approved by the Board.

The Board's succession planning policy seeks to ensure that the Board remains well balanced and that the Directors have a sufficient level of skills, knowledge and experience to meet the needs of the Company. The Directors are ever-cognisant of the need for the Board to have a balance of

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gender and other attributes, including the requirement to appoint a majority of non-UK resident Directors.

During the financial year ended 30 June 2020, the Board engaged Cornforth Consulting Limited to conduct an executive search for two new non-executive Directors, a non-UK resident director to replace Mr John V Baldwin who retired from the Board effective 31 May 2020, and a UK resident director to replace Mr Ashe Windham who will be retiring as Chairman of the Board at the Company's forthcoming AGM to be held on 4 December 2020. Prior to their appointment, no connection existed between Cornforth Consulting Limited and the Company or its individual Directors. Following an in-depth selection process, the Board approved the appointment of Mrs Shelagh Mason, a Guernsey resident, as a non-executive Director of the Company with effect from 1 June 2020, and the appointment of Mr Nicholas Pink, a UK resident, as a non-executive Director of the Company with effect from 1 September 2020. Further details regarding Mrs Mason's and Mr Pink's experience are set out on pages 25 and 26.

It is intended that Mr Christopher Russell will be appointed as Chairman of the Board following Mr Ashe Windham's retirement at the AGM of the Company to be held on 4 December 2020. The Board's policy is that a Director of the Company, who subsequently becomes Chairman, should serve for no more than a total of 12 years.

### Board diversity

The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. The Board supports the widening of its diversity, whilst ensuring the capabilities, experience and background of each member remain appropriate to the Company and continue to contribute to overall Board effectiveness.

Following the recent Board changes and Mr Windham's retirement in December 2020, the Board will be 40% female, thus meeting the Hampton-Alexander requirement that a Board should comprise at least 33% females.

### Committees of the Board

The Board has established an Audit and Risk Committee and a Management Engagement Committee and approved their terms of reference, copies of which can be obtained from the Company Secretary upon request and on the Company's website.

The table on page 37 sets out the number of Committee meetings held during the year ended 30 June 2020 and the number of such meetings attended by each Committee member.



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### Audit and Risk Committee

The Company has established an Audit and Risk Committee, with formally delegated duties and responsibilities within written terms of reference. The Audit and Risk Committee is comprised of the entire Board and has been chaired by David Staples since 1 July 2018. The Audit and Risk Committee meets formally at least three times a year and each meeting is attended by the independent Auditor and Administrator.

A report of the Audit and Risk Committee detailing responsibilities and activities is presented on pages 47 to 52.

### Management Engagement Committee

The Company has established a Management Engagement Committee, with formally delegated duties and responsibilities within written terms of reference. The Management Engagement Committee is comprised of the entire Board, with John V Baldwin appointed as Chairman until his resignation on 31 May 2020, when he was replaced by Jill May. The Management Engagement Committee meets annually in June each year and holds ad hoc meetings to address any arising issues as required.

The principal duties of the Committee are to review the performance of and contractual arrangements with the Investment Manager and all other service providers to the Company (other than the independent Auditor).

During the year the Committee has reviewed the services provided by the Investment Manager and other service providers, and recommended that the continuing appointments of the Company's service providers was in the best interests of the Company. The last meeting was held on 19 June 2020.

A report of the Management Engagement Committee detailing responsibilities and activities during the year is presented on pages 53 to 54.

### Nomination Committee

The Board does not have a separate Nomination Committee, the functions of which are fulfilled by the Board. Any proposals for a new Director are discussed and approved by the Board. The Board will determine whether an external search consultancy or open advertising is used in the appointments of future non-executive Directors.

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### Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate to have a Remuneration Committee as anticipated by the UK Code because this function is carried out as part of the regular Board business. A Remuneration Report prepared by the Board is on pages 45 to 46.

### Internal control

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit and Risk Committee at its meetings and annually by the Board. The Board is responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board uses a formal risk assessment matrix to identify and monitor business risks.

The Board has contractually delegated to external parties various functions as listed below. The duties of investment management, administration and custody are segregated. Each of the contracts entered into with the parties was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation as far as they relate to the affairs of the Company.

The Board considers on an ongoing basis the process for identifying, evaluating and managing any significant risks faced by the Company. The process includes reviewing reports from the Company Secretary on risk control and compliance, in conjunction with the Investment Manager's regular reports which cover investment performance.

Investment and portfolio risk management is provided by Ruffer AIFM Limited, a company authorised by the FCA.

Administration, accounting, registrar, and company secretarial duties are performed by Praxis Fund Services Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

CREST agency functions are performed by Computershare Investor Services (Jersey) Limited, a company licensed and regulated by the Jersey Financial Services Commission.

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Depository services performed by Northern Trust (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

Custodial services are provided by Northern Trust (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

Sponsorship and brokering services are provided by Investec Bank plc (Investec), a firm which is authorised and regulated by the FCA.

The Board reviews regularly the performance of the services provided by these companies. The Board reviews the performance of the Investment Manager annually by assessing the performance of the investments, and the Investment Manager's position against its peers. The Board also conducts an annual visit to the offices of the Investment Manager to meet with senior people in the firm and to review its internal control procedures, the last such visit occurring on 25 June 2019. The current year visit has been delayed due to covid-19 and is planned to take place in December 2020. The Board receives and reviews quarterly reports from the Investment Manager, the AIFM and the Administrator. The Board also receives confirmation from the Administrator of its capability under its ISAE 3402 Type II audit report. The Management Engagement Committee conducted an annual review of all key service providers in June 2020, which was communicated to the Board, and included an assessment of the impact of covid-19 on business operations and response measures taken, as further disclosed in the Management Engagement Committee report on pages 53 and 54.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager and Administrator which have their own internal audit and risk assessment functions. As such, an internal audit function specific to the Company is therefore considered unnecessary, as explained on page 51.

#### **Principal risks and uncertainties**

Principal risks and uncertainties are disclosed on pages 15 and 16.

#### **Anti-bribery and corruption**

The Board acknowledge that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board had conducted a review of the perceived risks to the Company arising from bribery and corruption to identify aspects of business which may be improved to

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mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

#### **Criminal Finances Act**

The Board has a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion and will not work with any service provider who does not demonstrate the same commitment. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own staff or any associated persons.

#### **UK Modern Slavery Act**

The Board acknowledges the requirement to provide information about human rights in accordance with the UK Modern Slavery Act. The Board conducts the business of the Company ethically and with integrity, and has a zero tolerance policy towards modern slavery in all its forms. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no further disclosures to be made in respect of employees and human rights.

# Directors' remuneration report

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## Introduction

An ordinary resolution for the approval of the annual remuneration report was passed by shareholders at the AGM held on 5 December 2019.

## Remuneration policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairs of the Board and the Audit and Risk Committee are paid a higher fee in recognition of their additional responsibilities. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire or cease to be a director in accordance with the Articles of Incorporation or by operation of law.

## Remuneration

The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £200,000 (30 June 2019: £200,000) per annum.

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Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. The annual fees payable to each Director as at 30 June 2020 and 30 June 2019 (or at the end of their tenure) are shown below –

	30 June 20 £	30 June 19 £
Ashe Windham (Chairman)	41,700	40,500
John V Baldwin (resigned 31 May 2020)	29,500	28,750
Christopher Russell	29,500	28,750
Jill May	29,500	28,750
David Staples (Chair of Audit and Risk Committee)	33,950	33,000
Shelagh Mason (appointed 1 June 2020)	29,500	–

During the year ended 30 June 2020, Directors' fees of £162,961 (30 June 2019: £159,167) were charged to the Company of which £nil remained payable at the year end (30 June 2019: £nil). No additional remuneration has been paid to Directors outside their normal fees and expenses.

The increases in fees noted in the table above became effective from 1 January 2020.

# Audit and Risk Committee report

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On the following pages, we present the Audit and Risk Committee's report for the year ended 30 June 2020, setting out the responsibilities of the Committee and its key activities for the year from 1 July 2019 to 30 June 2020. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Auditor and the internal control and risk management systems of service providers. In order to assist the Committee in discharging these responsibilities, regular reports are received from the Investment Manager, Administrator and independent Auditor.

Members of the Committee will continue to be available at each AGM to respond to any shareholder questions on its activities and reports.

## Responsibilities

The Committee reviews and recommends to the Board the Financial Statements of the Company and is the forum through which the independent Auditor reports to the Board of Directors.

The role of the Committee includes

- monitoring and reporting to the Board on such matters as the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, and any significant financial reporting judgements
- providing advice to the Board on whether the Financial Statements of the Company are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance
- considering the appropriateness of accounting policies and practices including critical estimates and judgement areas
- reviewing and considering the AIC Code, the UK Code and FRC Guidance on Audit Committees
- monitoring and reviewing the quality, effectiveness and independence of the Auditor and the effectiveness of the audit process, considering and making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the Company's independent Auditor
- developing and implementing policy on the engagement of the independent Auditor to provide non-audit services
- reviewing the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption

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- monitoring and reviewing the internal control and risk management systems of the service providers
  - considering the need for an internal audit function and
  - reporting to the Board on how it has discharged its responsibilities.

The Committee's full terms of reference are available on the Investment Manager's website, [ruffer.co.uk/ric](http://ruffer.co.uk/ric).

### Key activities of the Committee

The following sections discuss the assessments made by the Committee during the year.

**Financial reporting** – the Committee's review of the Unaudited Half Yearly Financial Report, Unaudited Investment Manager's Year End Review and Annual Report and Audited Financial Statements focused on the significant risk relating to the valuation and ownership of investments. The investments comprise the majority of the Company's NAV and hence form part of the Key Performance Indicator ('KPI') NAV per share. Hence any significant error in valuation or misstatement of holdings could significantly impact the NAV and hence the reported NAV per share of the Company.

**Valuation of investments** – the Company's investments had a fair value of £400,997,042 as at 30 June 2020 (30 June 2019: £390,217,885) and represented the majority of the net assets of the Company. The investments are predominantly listed except for investments in unlisted investment funds.

The Committee noted the substantial market disruption caused by covid-19, particularly during March and April 2020, and its effects on the valuation of the Company's investments. The Company's equities suffered significant losses in March 2020, though these were more than compensated for by the performance of credit protection investments and other defensive positions and, later, a recovery in equity markets in April and May 2020. The valuation of investments as at 30 June 2020 is in accordance with the requirements of IFRS. The Committee considered the fair value of the investments held by the Company as at 30 June 2020 to be reasonable based on information provided by the Investment Manager and Administrator. All prices are confirmed to independent pricing sources as at 30 June 2020 by the Administrator and are subject to a review process at the Administrator and oversight at the Investment Manager. We also note the work of the independent Auditor on these balances as set out in their report on pages 60 to 61.



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The Committee has also considered the classification of the Company's investments within the levels of the fair value hierarchy in accordance with the requirements of IFRS 9, most notably the classification of the Company's holding in the Ruffer Illiquid Multi-Strategies Fund, which represents approximately 8.7% of the Company's NAV. The Committee was comfortable that this investment should be classified within Level 2 of the hierarchy, as the Investment Manager creates a market for the shares as noted in note 19.

**Ownership of investments** – the Company's investment holdings are reconciled to independent reports from the Custodian by the Administrator with any discrepancies being fully investigated and reconciled by the Administrator. The Committee satisfied itself, based on reviews of information provided by the Custodian, Depositary and Administrator, that the holdings of investments are correctly recorded.

**Dividend income and realised and unrealised gains and losses on investments** – the Committee discussed with the independent Auditor the risk that these items may be materially mis-stated and which may therefore impact the reporting of the performance of the Company in any accounting period. The Committee is satisfied that the controls around the recording and calculations for these items are sufficiently robust to satisfactorily mitigate this risk.

**Risk management** – the Committee considered the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Committee. Regular reports are received from the Investment Manager and Administrator on the Company's risk evaluation process and reviews. Refer to the Business Model and Strategy on pages 15 to 16 for details on principal risks and uncertainties and their management. Financial risks faced by the Company are discussed in note 19 of the Financial Statements on pages 88 to 100.

The Company's AIFM, Ruffer AIFM Limited has responsibilities in law in relation to risk management under the AIFMD.

**Fraud, bribery and corruption** – the Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud, bribery or corruption.

**The independent auditor** – in March 2015 the Board entered into a competitive audit tender process and Deloitte LLP was appointed as the Company's Auditor. The current audit partner is in her first year as audit engagement partner, with the previous partner having rotated following the completion of a five year term. In accordance with the Statutory Auditors and Third Country

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Auditors Regulations 2016, the Company intends to conduct a tender process at least every 10 years and to rotate auditors at least every 20 years.

**Independence, objectivity and fees** – the independence and objectivity of the Auditor is reviewed by the Committee which also reviews the terms under which the independent Auditor is appointed to perform non-audit services. The Committee has established pre-approval policies and procedures for the engagement of Deloitte LLP to provide audit, assurance and tax services. These are that the independent Auditor may not provide a service which

- places them in a position to audit their own work
- creates a mutuality of interest
- results in the independent Auditor developing close relationships with service providers of the Company
- results in the independent Auditor functioning as a manager or employee of the Company or
- puts the independent Auditor in the role of advocate of the Company.

The Committee takes into account relevant ethical and regulatory guidance regarding the provision of non-audit services by the Auditor, and will report to the Board to identify any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to the steps to be taken. The Board maintains a non-audit services policy which is reviewed periodically and is available on the Company's website.

The following table summarises the remuneration paid to the Auditor for audit and non-audit services during the years ended 30 June 2020 and 2019 –

	30 June 20 £	30 June 19 £
Statutory audit *	35,850	36,625
Total audit fees	35,850	36,625
Interim review	8,400	8,400
Total non-audit related fees	8,400	8,400

\* The Company's 2019 audit fee included a one-off fee of £2,500 in relation to the audit of the transition of the administration of the Company from Northern Trust International Fund Administration Services (Guernsey) Limited to Praxis Fund Services Limited.

No tax services were provided during the year.

Deloitte LLP also has safeguards in place to ensure objectivity and independence.

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When considering the effectiveness and independence of the Auditor, and the effectiveness of the audit process, the Committee meets regularly with the Auditor to discuss the audit plan and the scope of the audit. The Committee also takes account of factors such as

- the audit plan presented to them before each audit
- the post audit report including variations from the original plan
- changes in audit personnel
- the independent Auditor’s own internal procedures to identify threats to independence and
- feedback from both the Investment Manager and Administrator evaluating the performance of the team.

The Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the independent Auditor, with particular regard to non-audit fees, and is satisfied that an effective audit has been completed with diligence and professional scepticism, that the scope of the audit was appropriate and significant judgements have been challenged robustly. It also considers Deloitte LLP, as Auditor, to be independent of the Company. Re-appointment of the independent Auditor – At the AGM held on 5 December 2019, Deloitte LLP was re-appointed as the Company’s independent Auditor.

#### Internal control and risk management systems

The Committee discussed with the independent Auditor the risk of misstatement in the Financial Statements arising from the potential for the Company’s key service providers, the Investment Manager and Administrator, to override controls.

At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary and Investment Manager. The Board also receives confirmation from the Administrator of its capability under its ISAE 3402 Type II audit report. No significant failings or weaknesses were identified in these reports and the independent Auditor also reported that their testing revealed no instances where management had overridden controls.

The Committee has also reviewed the need for an internal audit function. The Committee is satisfied that the systems and procedures employed by the Investment Manager and the Administrator, including their internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company’s assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

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For any questions on the activities of the Committee not addressed in the foregoing, members of the Committee will attend each AGM to respond to such questions.

In finalising the Financial Statements for recommendation to the Board for approval, the Committee has satisfied itself that the Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

David Staples

Chairman, Audit and Risk Committee

10 September 2020

# Management Engagement Committee report

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On the following pages, we present the Management Engagement Committee's report for the year ended 30 June 2020, setting out the responsibilities of the Committee and its key activities for the year from 1 July 2019 to 30 June 2020.

## Chairman and membership

The Management Engagement Committee is comprised of the entire Board. Mr John V Baldwin acted as chairman of the Committee until his retirement from the Board on 31 May 2020, following which Mrs Jill May was appointed as chairman of the Committee. The Committee meets annually in June each year and holds ad hoc meetings to address any arising issues as required.

## Responsibilities

The formally delegated duties and responsibilities of the Management Engagement Committee are set out in written terms of reference which are available from the Company Secretary upon request and published on the Company's website. The Committee's terms of reference are reviewed on an annual basis.

The principal duties of the Management Engagement Committee are to review the performance of and contractual arrangements with the Investment Manager and all other key service providers to the Company, other than the independent Auditor which is reviewed by the Audit and Risk Committee. In addition, the Management Engagement Committee is involved in monitoring and reviewing the level of remuneration of the Investment Manager to ensure that it is appropriate, competitive and sufficient to incentivise the Investment Manager.

## Key activities

The Management Engagement Committee conducts an annual review of the performance of, and contractual relationships with, the Company's key service providers, including the Investment Manager. To facilitate this review, the Company Secretary circulates a detailed questionnaire to each service provider which requests details of their internal control systems, business continuity plans, ESG policies, any issues encountered during the year and feedback on other service providers. As part of the 2020 annual review the questionnaire also requested details regarding the impact of covid-19 on business operations and measures taken in response. The Company Secretary prepares a summary of responses received which is presented to the Management Engagement Committee for their review.

The last Management Engagement Committee meeting was held on 19 June 2020 and no material issues were identified as a result of the annual service provider review. Accordingly, the

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Management Engagement Committee recommended to the Board that the retention of the Company's service providers was in the best interests of the Company and its shareholders. The Board reviews the performance of the Investment Manager annually by assessing the performance of the investments in the light of the Company's investment objectives, and the Investment Manager's position against its peers. The Board also conducts an annual visit to the offices of the Investment Manager to meet with the senior executives from Ruffer LLP and to review its internal control procedures. The last such visit took place on 25 June 2019 and the current year visit is planned to take place in December 2020, having been delayed by covid-19. In addition, the Board receives and reviews quarterly reports from Ruffer AIFM Limited as Investment Manager and Alternative Investment Fund Manager. A report on the impact of covid-19 on business operations and response measures taken was provided by Ruffer AIFM Limited at the most recent Management Engagement Committee meeting held on 19 June 2020. No material issues were identified during the Committee's review of the Investment Manager and the Board concluded that the Investment Manager had deep industry experience, an appropriate investment strategy for the investment objectives of the Company and that the continued appointment of the Investment Manager on the terms agreed, including management fees which had been reviewed in detail in 2019, was in the best interests of the Company and its shareholders.

Jill May

Chairman, Management Engagement Committee

10 September 2020

# Report of the depositary to the shareholders of Ruffer Investment Company Limited

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Northern Trust (Guernsey) Limited has been appointed as Depositary to Ruffer Investment Company Limited (the 'Company') in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the 'AIFM Directive'). We have enquired into the conduct of Ruffer AIFM Limited (AIFM) and the Company for the year ended 30 June 2020, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the 'AIFMD legislation') and the Authorised Closed-ended Investment Schemes Rules 2008.

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM and the Company to comply with these provisions. If the AIFM, the Company or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates are or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depositary will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depositary and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of Shareholders.

## Basis of depositary review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and

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(ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of Fund, the assets in which a Fund invests and the processes used, or experts required, in order to value such assets.

#### Review

In our view, the Company has been managed during the period, in all material respects –

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents; and by the AIFMD legislation and
- otherwise in accordance with the provisions of the constitutional documents; and the AIFMD legislation.

For and on behalf of

Northern Trust (Guernsey) Limited

10 September 2020



# *Independent auditor's report to the Members of Ruffer Investment Company Limited*

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## Report on the audit of the financial statements

### 1 Opinion

In our opinion the financial statements of Ruffer Investment Company Limited (the 'Company') –

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise –

- the Statement of financial position
- the Statement of comprehensive income
- the Statement of changes in equity
- the Statement of cash flows
- the related notes 1 to 21 and
- the portfolio statement.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

### 2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### 3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year is in relation to valuation and ownership of investments
Scoping	The Company was audited as a single component. Balances were scoped in for testing based on our assessment of risk of material misstatement. As part of our risk assessment process, we considered the impact of controls implemented at service organisations of the Company.
Significant changes in our approach	There have been no significant changes in our audit approach in the current year audit.

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### 4 Conclusions relating to going concern, principal risks and viability statement

#### 4.1 Going concern

We have reviewed the directors' statement in note 2(c) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of the covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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#### 4.2 Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to

- the disclosures on pages 15 to 16 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated
- the directors' confirmation on page 15 that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity or
- the directors' explanation on pages 16 to 17 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Viability means the ability of the Company to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

#### 5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## 5.1 Valuation and ownership of investments

### Key audit matter description

Included in the Company's statement of financial position as at 30 June 2020 are investments with a fair value of £401 million (2019: £390 million) as disclosed in Note 10 to the Financial Statements. The Company's portfolio comprise equity investments, index linked bonds and investment funds. Investments are key area of focus to the users of the financial statements given that they are the most quantitatively significant balance and main driver of the Company's performance and net asset value. As explained in Note 2 (e), the Company's accounting policy is to measure its investment at fair value through profit and loss. Refer to consideration made by the audit committee on valuation of investment discussed on page 48.

The identified risks were

- there might be errors or fraudulent manipulation if valuation in order to report favourable key performance indicators
- inappropriate exchange rates are used to convert foreign currency denominated investment to the Company's reporting currency
- trade made immediately before year-end may be excluded from the valuation or conversely, trades made immediately after the year end may be included in the valuation in error and
- the Company may not have legal title to the investment held at year end.

### How the scope of our audit responded to the key audit matter

To respond to the key audit matter, we have performed the following audit procedures

- assessed the design and implementation relevant controls around the valuation and ownership of investments through the review of internal controls report for the investment manager and NAV preparation process by the administrator
- agreed investments held as at year end to independently obtained custodian confirmation
- assessed the reasonableness of exchange rates used in converting investments denominated in currencies other than the pound sterling (GBP) by comparing rates used to independent sources
- performed detailed testing on purchases and sales made around year end to assess whether transactions had been recorded in the correct period
- performed detailed testing through inspection of custodian trade report for the year to assess the accuracy of investment purchases and sales transactions and

- 
- agreed the unit prices of all investments to independent pricing sources.

#### Key observations

Based on the results of procedures, we concluded that

- the prices applied by management in the valuation of investments are reasonable.
- investment denominated in currencies other than pound sterling (GBP) have been appropriately converted at appropriate spot rate at year end
- the Company had proper legal title to the investments held at year end; and
- the investment transactions have been accounted for in the correct accounting period.

## 6 Our application of materiality

### 6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows –

#### Materiality

£4,400,000 (2019 – £4,100,000)

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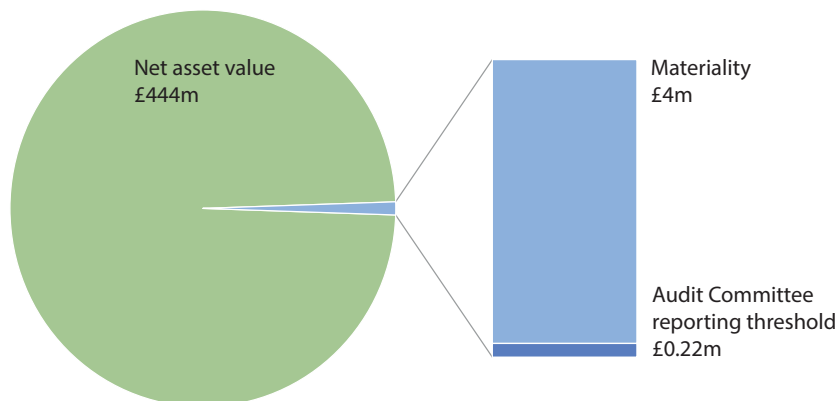
#### Basis for determining materiality

1% (2019 – 1%) of Net Asset Value

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#### Rationale for the benchmark applied

Net Asset Value is the most appropriate benchmark as it is considered one of the principal considerations for members of the Company in assessing financial performance and represents total shareholders' interest.



## 6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors–

- our risk assessment, including our assessment of the Company’s overall control environment and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

## 6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £222,200 (2019: £200,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7 An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Company is administered by a third party Guernsey regulated service provider. As part of our audit, we obtained an understanding of relevant controls established at the service provider.

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## 8 Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that –

**Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit or

**Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

We have nothing to report in respect of these matters.

## 9 Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

### 11 Matters on which we are required to report by exception

#### 11.1 Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion—

- we have not received all the information and explanations we require for our audit or
- proper accounting records have not been kept or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

### 12 Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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Nicola Sarah Paul FCA  
for and on behalf of Deloitte LLP  
Recognised Auditor  
St Peter Port, Guernsey

10 September 2020

## Statement of financial position as at 30 June 2020

	Notes	30 June 20 £	30 June 19 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments at fair value through profit or loss	10	400,997,042	390,217,885
<b>Current assets</b>			
Cash and cash equivalents		42,667,336	19,375,840
Trade and other receivables	11	8,877,207	556,885
<b>Total current assets</b>		<b>51,544,543</b>	<b>19,932,725</b>
<b>Total assets</b>		<b>452,541,585</b>	<b>410,150,610</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	4,887,485	3,543,576
Derivative financial liabilities	18, 19	3,541,719	332,037
<b>Total liabilities</b>		<b>8,429,204</b>	<b>3,875,613</b>
<b>Net assets</b>		<b>444,112,381</b>	<b>406,274,997</b>
<b>Equity</b>			
<b>Capital and reserves attributable to the Company's shareholders</b>			
Share premium		186,459,986	186,459,986
Capital reserve		158,853,795	121,407,708
Retained revenue reserve		3,749,041	3,357,744
Other reserves		95,049,559	95,049,559
<b>Total equity</b>		<b>444,112,381</b>	<b>406,274,997</b>
Net assets attributable to holders of redeemable participating preference shares (per share)	14	2.4565	2.2472

The Financial Statements on pages 66 to 102 were approved on 10 September 2020 and signed on behalf of the Board of Directors by –

David Staples  
Director

The notes on pages 70 to 102 form an integral part of these Financial Statements.

## Statement of comprehensive income for the year ended 30 June 2020

	Notes	Revenue £	Capital £	Year ended 30 June 20 £	Year ended 30 June 19 £
Fixed interest income		1,159,039	-	1,159,039	919,769
Dividend income		3,649,428	-	3,649,428	4,307,711
Net changes in fair value of financial assets at fair value through profit or loss	6	-	49,202,890	49,202,890	942,607
Other losses	7	-	(7,835,401)	(7,835,401)	(6,059,154)
<b>Total income</b>		<b>4,808,467</b>	<b>41,367,489</b>	<b>46,175,956</b>	<b>110,933</b>
Management fees	8	-	(3,921,402)	(3,921,402)	(3,729,400)
Expenses	9	(633,225)	-	(633,225)	(818,427)
<b>Total expenses</b>		<b>(633,225)</b>	<b>(3,921,402)</b>	<b>(4,554,627)</b>	<b>(4,547,827)</b>
Profit/(loss) for the year before tax		4,175,242	37,446,087	41,621,329	(4,436,894)
Withholding tax		(439,359)	-	(439,359)	(521,391)
Profit/(loss) for the year after tax		3,735,883	37,446,087	41,181,970	(4,958,285)
<b>Total comprehensive income/(loss) for the year</b>		<b>3,735,883</b>	<b>37,446,087</b>	<b>41,181,970</b>	<b>(4,958,285)</b>
Basic and diluted earnings/(loss) per share		2.07p	20.71p	22.78p	(2.76)p

The revenue and capital return columns are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations.

Basic and diluted earnings per share are calculated by dividing the profit after taxation by the weighted average number of redeemable participating preference shares in issue during the year. The weighted average number of shares for the year was 180,788,416 (30 June 2019: 179,912,115). As there are no items which would cause a dilution to occur, the basic and diluted earnings per share are the same.

The notes on pages 70 to 102 form an integral part of these Financial Statements.

## Statement of changes in equity for the year ended 30 June 2020

	Notes	Share capital £	Capital reserve £	Retained revenue reserve* £	Other reserves* £	Total year ended 30 June 20 £
Balance at 30 June 2019		186,459,986	121,407,708	3,357,744	95,049,559	406,274,997
Total comprehensive income for the year		–	37,446,087	3,735,883	–	41,181,970
Transactions with shareholders						
Distributions during the year	5	–	–	(3,344,586)	–	(3,344,586)
<b>Balance at 30 June 2020</b>		<b>186,459,986</b>	<b>158,853,795</b>	<b>3,749,041</b>	<b>95,049,559</b>	<b>444,112,381</b>

	Notes	Share capital £	Capital reserve £	Retained revenue reserve* £	Other reserves* £	Total year ended 30 June 19 £
Balance at 30 June 2018		178,294,916	130,253,655	2,709,873	95,049,559	406,308,003
Total comprehensive (loss)/income for the year		–	(8,845,947)	3,887,662	–	(4,958,285)
Transactions with shareholders						
Share capital issued	13	8,206,100	–	–	–	8,206,100
Share issue costs	13	(41,030)	–	–	–	(41,030)
Distributions during the year	5	–	–	(3,239,791)	–	(3,239,791)
<b>Balance at 30 June 2019</b>		<b>186,459,986</b>	<b>121,407,708</b>	<b>3,357,744</b>	<b>95,049,559</b>	<b>406,274,997</b>

\* Under The Companies (Guernsey) Law, 2008, the Company can distribute dividends from share capital and reserves, subject to satisfying a solvency test. However, the Company's dividend policy is that dividends will only be paid from accumulated revenue reserves. In order to provide clearer information relating to reserves available for distribution, the Company has separately identified this reserve in these financial statements as a 'Retained revenue reserve' in the Statement of Financial Position and the Statement of Changes in Equity. 'Other reserves' represents amounts converted from share premium in 2004 and 2008.

The notes on pages 70 to 102 form an integral part of these Financial Statements.

## Statement of cash flows for the year ended 30 June 2020

	Notes	Year ended 30 June 20 £	Year ended 30 June 19 £
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year after tax		41,181,970	(4,958,285)
Adjustments for –			
Net realised (gains)/losses on investments	6	(37,326,151)	13,990,713
Unrealised (gains)/losses on investments	6	(11,876,739)	(14,933,320)
Realised losses on forward foreign exchange contracts	7	4,324,559	7,723,370
Unrealised losses/(gains) on forward foreign exchange contracts	7	3,209,682	(1,425,362)
Foreign exchange losses/(gains) on cash and cash equivalents	7	301,160	(238,854)
Increase in trade and other receivables		(321,573)	(101,201)
(Decrease)/increase in trade and other payables		(301,304)	311,476
		(808,396)	368,537)
Net cash paid on closure of forward foreign exchange contracts	7	(4,324,559)	(7,723,370)
Purchases of investments		(351,393,055)	(294,076,370)
Sales of investments		383,463,252	267,774,842
<b>Net cash generated from/(used in) operating activities</b>		<b>26,937,242</b>	<b>(33,656,361)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	5	(3,344,586)	(3,239,791)
Proceeds from issue of redeemable participating preference shares		–	8,439,100
Share issue costs		–	(42,196)
<b>Net cash (used in)/generated from financing activities</b>		<b>(3,344,586)</b>	<b>5,157,113</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>23,592,656</b>	<b>(28,499,248)</b>
Cash and cash equivalents at the beginning of the year		19,375,840	47,636,234
Foreign exchange (losses)/gains on cash and cash equivalents	7	(301,160)	238,854
<b>Cash and cash equivalents at the end of the year</b>		<b>42,667,336</b>	<b>19,375,840</b>

The notes on pages 70 to 102 form an integral part of these Financial Statements.

# *Notes to the Financial Statements for the year ended 30 June 2020*

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## **1 The Company**

The Company was incorporated with limited liability in Guernsey on 1 June 2004 as a company limited by shares and as an authorised closed-ended investment company. As an existing closed-ended fund the Company is deemed to be granted an authorised declaration in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008. The Company is listed on the Main Market of the London Stock Exchange (LSE) and was admitted to the premium segment of the Official List of the UK Listing Authority on 20 December 2005.

The Company's registered office is shown on page 108 and details of its investment objective and strategy are shown on pages 11 to 12.

## **2 Significant accounting policies**

### **a Statement of compliance**

The Financial Statements of the Company for the year ended 30 June 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Listing Rules of the London Stock Exchange in compliance with the Companies (Guernsey) Law, 2008.

### **b Basis of preparation**

The Financial Statements are prepared in pound sterling (£), which is the Company's functional and presentation currency. The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

### **c Going concern**

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of cash and cash equivalents and securities which are readily realisable. The Directors also note that overall, due to the nature of the Company's portfolio, which comprises both equities and other more defensive assets, it has not been affected significantly in terms of value or cashflows by the effects of the covid-19 pandemic. Accordingly, in the Directors' opinion, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Matters relating to the going concern status of the Company are also discussed in the long-term viability statement on pages 16 to 17.

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**d New accounting standards and amendments effective and adopted**

The following amended standard has been adopted in these Financial Statements –

- IFRS 9 (amended) – ‘Financial Instruments’ (amendments effective for periods commencing on or after 1 January 2019)

The amendments to IFRS 9 were published in October 2017 and relate to prepayment features with negative compensation and modifications of financial liabilities.

The Company has no contracts subject to the changes set out in the amendment to IFRS 9, as a result of which the adoption of this amended standard has had no material impact on the Financial Statements of the Company.

**Standards and amendments in issue but not yet effective**

The following standards, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective –

- IAS 1 (amended), ‘Presentation of Financial Statements’ – (effective for accounting periods commencing on or after 1 January 2023)
- IAS 37 (amended), ‘Provisions, Contingent Liabilities and Contingent Assets’ – (effective for accounting periods commencing on or after 1 January 2022)
- IFRS 17 – ‘Insurance Contracts’ (effective for accounting periods commencing on or after 1 January 2021).

The amendments to IAS 1 were published in January 2020 and relate to the classification of liabilities.

The amendments to IAS 37 were published in May 2020 and relate to the costs to include when assessing whether a contract is onerous.

IFRS 17 was published in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts that fall within the scope of the standard.

In addition, the IASB has issued the following publications –

- ‘Definition of Material (Amendments to IAS 1 and IAS 8)’, published in October 2018, which has amended IAS 1 and IAS 8 to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards, effective for accounting periods commencing on or after 1 January 2020

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- ‘Amendments to References to the Conceptual Framework in IFRS standards’, published in March 2018, which has updated certain Standards and Interpretations with regard to references to and quotes from the Framework or to indicate where they refer to a different version of the Conceptual Framework, effective for accounting periods commencing on or after 1 January 2020
  - ‘Amendments regarding pre-replacement issues in the context of the IBOR reform’, published in September 2019, which has amended IFRS 7, IFRS 9 and IAS 39, effective for accounting periods commencing on or after 1 January 2020
  - ‘Annual Improvements to IFRS Standards 2018-2020’, published in May 2020, which has amended certain existing standards, effective for accounting periods commencing on or after 1 January 2022.

The Company has no contracts that fall within the scope of IFRS 17, and the changes arising from the amendments to other standards are either presentational and/or minor in nature. It is therefore anticipated that the adoption of these new and amended standards will have no material impact on the Financial Statements of the Company.

e Financial instruments

i Classification

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and financial assets at amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company’s financial assets at fair value through profit or loss comprise investment assets and derivative assets in the form of forward foreign currency exchange contracts.

The Company’s financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

The Company’s financial liabilities at fair value through profit or loss comprise derivative liabilities in the form of forward foreign currency exchange contracts.

The Company’s financial liabilities at amortised cost comprise trade and other payables.



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ii Investments at fair value through profit or loss ('investments')

*Recognition*

Investments are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given, including transaction or other dealing costs associated with the investment.

*Measurement*

Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments and gains and losses on investments that are sold are recognised through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss.

Investments traded in active markets are valued at the latest available bid prices ruling at midnight on the reporting date. The Directors are of the opinion that the bid-market prices are the best estimate of fair value. Investments consist of listed or quoted equities or equity-related securities, options and bonds which are issued by corporate issuers, supra-nationals or government organisations, and investment in funds.

Shares in some investment funds are not listed on an actively traded exchange and these are valued on the reporting date at the latest estimate of NAV from the administrator of the respective investment funds as the most recent price is the best estimate of the amount for which holdings could have been disposed of at the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses arising from changes in the fair value of financial assets/(liabilities) are shown as net gains or losses on financial assets through profit or loss (see note 10) and recognised in the Statement of Comprehensive Income in capital in the period in which they arise.

Realised gains and losses arising on disposal of investments are calculated by reference to the proceeds received on disposal and the average cost attributable to those investments, and are recognised in the Statement of Comprehensive Income. Unrealised gains and losses on investments are recognised in the Statement of Comprehensive Income in capital.

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### iii Derivatives

Forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss on remeasurement to fair value is recognised immediately through profit or loss in the Statement of Comprehensive Income within other gains in the period in which they arise.

### iv Financial instruments at amortised cost

#### *Trade and other receivables*

Trade and other receivables are amounts due in the ordinary course of business and are classified as current assets if collection is expected in one year or less. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, such impairment to be determined using the simplified expected credit losses approach in accordance with IFRS 9.

#### *Cash and cash equivalents*

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

#### *Trade and other payables*

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value plus any directly attributable incremental costs of acquisition or issue and subsequently measured at amortised cost using the effective interest rate method.

### v Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

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#### vi Derecognition of financial instruments

A financial asset is derecognised when: (a) the rights to receive cash flows from the asset have expired, (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through arrangement’; or (c) the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

#### f Income

The Company has no income that falls within the scope of IFRS 15, therefore all income is recognised in accordance with IFRS 9. Dividend income from equity investments is recognised when the relevant investment is quoted ex-dividend, and is included gross of withholding tax. Interest income is recognised for all debt instruments using the effective interest rate method. Dividend and interest income are recognised through profit or loss in the Statement of Comprehensive Income in revenue.

#### g Expenses

Expenses are accounted for on an accruals basis and are recognised through profit or loss in the Statement of Comprehensive Income in either capital or revenue reserves. The Company’s management fees are allocated between capital and revenue in a ratio determined by the Board at its sole discretion. Currently 100% of the management fees are charged to capital. All other expenses of the Company are recognised in revenue.

Transaction costs on the purchases of investments are capitalised to the cost of the investments, and transaction costs on the sales of investments are recognised in gains/(losses) on disposal of investments.

#### h Translation of foreign currency

##### *Functional and presentation currency*

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its ‘functional currency’). The Directors have considered the currency in which the original capital was raised, distributions will be made and ultimately the currency in which capital would be returned in a liquidation. On balance, the Directors believe that pound sterling best represents the functional currency of the Company. For

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the purpose of the Financial Statements, the results and financial position of the Company are expressed in pound sterling, which is the presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and those from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items such as financial assets held at fair value through profit or loss are reported as part of net changes in fair value on financial assets through profit or loss in the Statement of Comprehensive Income.

**i Share issue costs**

Share issue costs are fully written off against the share capital account in the period of the share issue in accordance with Guernsey company law.

**j Redeemable participating preference shares**

As the Company's redeemable participating preference shares are redeemable at the sole option of the Directors, they are required to be classified as equity instruments.

**3 Significant accounting judgements, estimates and assumptions**

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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## Judgements

In the process of applying the Company's accounting policies, management has made the following judgements –

### *Functional currency*

As disclosed in note 2(h), the Company's functional currency is pound sterling. Pound sterling is the currency in which the original capital was raised, distributions are made and ultimately the currency in which capital would be returned in a liquidation.

### *Fair value levelling*

The Company allocates its financial instruments into levels of the fair value hierarchy, in accordance with the requirements of IFRS 9. For details of how these allocations are determined, please refer to note 19.

### *Estimates*

The Company records its investments and derivatives at fair value. Details of the valuation methodologies applied in determining the fair value of the Company's investments are disclosed in note 19. The fair values of forward foreign exchange contracts are determined with reference to prevailing exchange rates. The Directors consider that these valuations represent the best estimate of the fair values of the Company's investments and derivatives.

## 4 Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (30 June 2019: £1,200).

The amounts disclosed as taxation in the Statement of Comprehensive Income relate solely to withholding tax deducted at source on income.

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## 5 Dividends to shareholders

Dividends, if any, are declared semi-annually, usually in September and March each year. The Company paid and declared the following dividends during the year –

	Year ended 30 June 20 £	Year ended 30 June 19 £
2019 Second interim dividend of 0.9p (2018: 0.9p)	1,627,095	1,612,696
2020 First interim dividend of 0.95p (2019: 0.9p)	1,717,491	1,627,095
	3,344,586	3,239,791

An interim dividend of 0.95p per share in respect of the year ended 30 June 2020 was declared on 10 September 2020. The dividend is payable on 9 October 2020 to shareholders on record at 25 September 2020.

## 6 Net changes in financial assets at fair value through profit or loss

	Year ended 30 June 20 £	Year ended 30 June 19 £
Gains realised on investments sold during the year	60,136,847	25,409,146
Losses realised on investments sold during the year	(22,810,696)	(39,399,859)
Net realised gains/(losses) on investments sold during the year (see note 10)	37,326,151	(13,990,713)
Movement in unrealised gains arising from changes in fair value	11,876,739	14,933,320
Net changes in fair value on financial assets at fair value through profit or loss	49,202,890	942,607

## 7 Other (losses)/gains

	Year ended 30 June 20 £	Year ended 30 June 19 £
Movement in unrealised (losses)/gains on spot and forward foreign exchange currency contracts	(3,209,682)	1,425,362
Realised losses on spot and forward foreign currency contracts	(4,324,559)	(7,723,370)
Other realised and unrealised foreign exchange (losses)/gains	(301,160)	238,854
	(7,835,401)	(6,059,154)

## 8 Management fees

The management fees were charged to the capital reserves of the Company. The management fees for the year, including outstanding balances at end of the year, are detailed below.

	Year ended 30 June 20 £	Year ended 30 June 19 £
Management fees for the year	3,921,402	3,729,400
Management fees payable at the end of the year	375,692	626,481

The basis for calculating the management fees is set out in the General Information on page 107.

## 9 Expenses

	Year ended 30 June 20 £	Year ended 30 June 19 £
Administration fee *	161,174	377,815
Directors' fees	162,961	159,167
Custodian and Depositary fees *	79,610	79,909
Broker's fees	35,009	33,561
Audit fee	33,304	36,271
Auditor's remuneration for interim review	8,400	8,400
Legal and professional fees	49,325	14,110
Registrar fees	32,537	26,493
General expenses	70,905	82,701
	633,225	818,427

\*The basis for calculating the Administration fees, Custodian and Depositary fees are set out in the General Information on page 107.

All expenses were charged to revenue.

### Ongoing charges ratio

The ongoing charges ratio (OCR) of an investment company is the annual percentage reduction in shareholder returns as a result of recurring operational expenditure. Ongoing charges are classified as those expenses which are likely to recur in the foreseeable future, and which relate to the operation of the company, excluding investment transaction costs, financing charges and gains

or losses on investments. The OCR is calculated as the total ongoing charges for a period divided by the average net asset value over that period.

	Year ended 30 June 20 £	Year ended 30 June 19 £
Management fee (see note 8)	3,921,402	3,729,400
Other expenses (see above)	633,225	818,427
	4,554,627	4,547,827
Non-recurring expenses*	(41,000)	-
Total ongoing expenses	4,513,627	4,547,827
Average NAV	419,384,091	401,199,519
Ongoing charges ratio (using AIC methodology)	1.08%	1.13%

\* Excluded expenses includes consultancy costs relating to Board recruitment and certain non-recurring project costs.

## 10 Investment assets at fair value through profit or loss

	Year ended 30 June 20 £	Year ended 30 June 19 £
Cost of investments at the start of the year	351,139,573	334,523,278
Acquisitions at cost during the year	353,038,268	295,763,936
Disposals during the year	(391,462,001)	(265,156,928)
Gains/(losses) on disposals during the year	37,326,151	(13,990,713)
Cost of investments held at the end of the year	350,041,991	351,139,573
Fair value above cost	50,955,051	39,078,312
Fair value of investments held at the end of the year	400,997,042	390,217,885



**11 Trade and other receivables**

	30 June 20 £	30 June 19 £
Amounts receivable within one year –		
Investment income receivable	316,231	79,771
Fixed interest income receivable	456,357	394,069
Sales of investments awaiting settlement	8,073,397	74,648
Other receivables	23,498	–
Prepayments	7,724	8,397
	<b>8,877,207</b>	<b>556,885</b>

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

**12 Trade and other payables**

	30 June 20 £	30 June 19 £
Amounts falling due within one year –		
Purchases of investments awaiting settlement	4,400,000	2,754,787
Management fees payable	375,692	626,481
Other payables	111,793	162,308
	<b>4,887,485</b>	<b>3,543,576</b>

The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

**13 Share capital**

	30 June 20 £	30 June 19 £
Authorised share capital		
Unlimited unclassified shares of 0.01p each	Unlimited	Unlimited
75,000,000 C shares of 0.1p each	75,000	75,000
	<b>Unlimited</b>	<b>Unlimited</b>

On 4 December 2018, a special resolution was passed to amend the Company's Articles of Incorporation ('the Articles') to redefine the Company's share capital as comprising 75,000,000 C shares of 0.1p each, and an unlimited number of unclassified shares of 0.01p each.

	Number of shares		Share capital	
	Year ended 30 June 20	Year ended 30 June 19	Year ended 30 June 20 £	Year ended 30 June 19 £
<b>Issued share capital</b>				
Redeemable participating preference shares of 0.01p each –				
Balance at the start of the year	180,788,416	177,188,416	186,459,986	178,294,916
Issued and fully paid during the year	–	3,600,000	–	8,206,100
Share issue costs	–	–	–	(41,030)
Balance at the end of the year	180,788,416	180,788,416	186,459,986	186,459,986

#### Unclassified shares

Unclassified shares can be issued as nominal shares or redeemable participating preference shares. Nominal shares can only be issued at par to the Administrator. The Administrator is obliged to subscribe for nominal shares for cash at par when redeemable participating preference shares are redeemed to ensure that funds are available to redeem the nominal amount paid up on redeemable participating preference shares. The holder or holders of nominal shares shall have the right to receive notice of and to attend general meetings of the Company but shall not be entitled to vote thereat. Nominal shares shall carry no right to dividends. In a winding-up, holders of nominal shares shall be entitled to be repaid an amount equal to their nominal value out of the assets of the Company.

The holders of fully paid redeemable participating preference shares are entitled to one vote at all meetings of the relevant class of shareholders.

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## C shares

There were no C shares in issue at year end (30 June 2019: Nil).

## Block listing and additional shares issued

As at 30 June 2019 and 30 June 2020, the Company had the ability to issue 6,321,341 redeemable participating shares under a block listing facility. No new redeemable participating preference shares were allotted or issued under the block listing facility during the year (30 June 2019: 3,600,000 redeemable participating preference shares issued for a total consideration of £8,206,100, representing an average issue price of £2.2795 per share). New redeemable participating preference shares rank *pari passu* with the existing shares in issue.

On 5 December 2019, a special resolution was passed that enables the Board to allot 18,078,841 equity securities, being 10% of the equity securities in issue at the latest practicable date prior to the 2019 AGM notice, excluding shares held in treasury for cash and pursuant to Article 7(2)(G) of the Articles. The rights under Article 7 (2) (B) were thereby excluded.

## Redeemable participating preference shares in issue

As at 30 June 2020, the Company had 180,788,416 (30 June 2019: 180,788,416) redeemable participating preference shares of 0.01 pence each in issue. Therefore, the total voting rights in the Company at 30 June 2020 were 180,788,416 (30 June 2019: 180,788,416).

## Purchase of own shares by the Company

A special resolution was passed on 5 December 2019 which authorised the Company in accordance with The Companies (Guernsey) Law, 2008 to make purchases of its own shares as defined in that Ordinance of its Participating Shares of 0.01 pence each, provided that –

- a the maximum number of shares the Company can purchase is no more than 14.99% of the Company's issued share capital
- b the minimum price (exclusive of expenses) which may be paid for a share is 0.01 pence, being the nominal value per share
- c the maximum price (exclusive of expenses) which may be paid for the share is an amount equal to the higher of (i) 105% of the average of the middle market quotations for a share taken from the LSE Daily Official List for the 5 business days immediately preceding the day on which the Share is purchased and (ii) the price stipulated in Article 5(i) of the Buy-back and Stabilisation Regulation (No 2237 of 2003)

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- d purchases may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the LSE at a discount to the lower of the undiluted or diluted NAV
- e the authority conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time and
- f the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make an acquisition of shares pursuant to any such contract.

#### 14 NAV reconciliation

The Company announces its NAV, based on bid value, to the LSE after each weekly and month end valuation point. At the time of releasing the year end NAV to the LSE, not all 30 June prices of the Company's investments may be available. Adjustments are made to the NAV in the Financial Statements once these prices become available. The following is a reconciliation of the NAV and NAV per share attributable to redeemable participating preference shareholders as presented in these Financial Statements to the NAV and NAV per share reported to the LSE –

	30 June 20		30 June 19	
	NAV £	NAV per share £	NAV £	NAV per share £
NAV published on the LSE as at year end	444,397,682	2.4581	406,745,803	2.2498
Adjustments to valuations	(285,301)	(0.0016)	(470,806)	(0.0026)
Net assets attributable to holders of redeemable participating preference shares	444,112,381	2.4565	406,274,997	2.2472

#### 15 Contingent liabilities

There were no contingent liabilities as at 30 June 2020 (30 June 2019: £Nil).

#### 16 Related party transactions

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities, and are therefore regarded as related parties.

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### **Investment Management Agreement**

The Company is managed by Ruffer AIFM Ltd, a subsidiary of Ruffer LLP, a privately owned business registered in England and Wales as a limited liability partnership. The Company and the Investment Manager have entered into an Investment Management Agreement under which the Investment Manager has been given responsibility for the day-to-day discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors and in accordance with the investment restrictions in the Investment Management Agreement and the Articles.

The market value of LF Ruffer Japanese Fund and LF Ruffer Gold are deducted from the NAV of the Company before the calculation of management fees on a monthly basis, as the Investment Manager separately earns management fees from those entities. For additional information, refer to the Portfolio Statement on pages 103 to 106. Management fees for the year and payable at the end of the year are disclosed in note 8.

### **Shares held in Ruffer Management Limited (RML), the Managing Member of Ruffer LLP**

As at 30 June 2020, an immediate family member of the Chairman Ashe Windham owned 100 (30 June 2019: 100) Shares in RML, the Managing Member of Ruffer LLP, which is the parent entity of the Investment Manager of the Company. This amounts to less than 1% (30 June 2019: less than 1%) of RML's issued share capital.

### **Directors' remuneration**

Directors' remuneration is set out in the Directors' Remuneration Report on pages 45 to 46 of the Financial Statements.

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## Shares held by related parties

As at 30 June 2020, Directors of the Company held the following numbers of shares beneficially –

	30 June 20 shares	30 June 19 shares
Ashe Windham*	180,000	105,000
Christopher Russell	75,000	50,000
David Staples	80,000	40,000
Jill May	11,000	11,000
Shelagh Mason	–	–
	<b>346,000</b>	<b>206,000</b>

\* Ashe Windham holds 135,000 shares and his wife holds 45,000 shares

As at 30 June 2020, Hamish Baillie, Investment Director of the Investment Manager owned 205,000 (30 June 2019: 205,000) shares in the Company.

As at 30 June 2020, Steve Russell, Investment Director of the Investment Manager owned 6,450 (30 June 2019: 6,450) shares in the Company.

As at 30 June 2020, Duncan MacInnes, Investment Manager of the Investment Manager owned 43,100 (30 June 2019: 28,800) shares in the Company.

As at 30 June 2020, Jonathan Ruffer, chairman of Ruffer LLP (the parent entity of the Company's Investment Manager), owned 1,039,335 (30 June 2019: 1,039,335) shares in the Company.

As at 30 June 2020, Ruffer LLP and other entities within the Ruffer Group held 6,896,028 (30 June 2019: 6,775,074) shares in the Company on behalf of its discretionary clients.

As at 30 June 2020, Nicholas Pink, who was appointed to the Board on 1 September 2020, owned (together with members of his family) 35,969 shares in the Company.

## Investments in related funds

As at 30 June 2020, the Company held investments in four (30 June 2019: five) related investment funds valued at £91,153,877 (30 June 2019: £72,973,335). Refer to the Portfolio Statement on pages 103 to 106 for details.

## 17 Operating segment reporting

The Board of Directors makes the strategic decisions on behalf of the Company. The Company has determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

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The Board is responsible for monitoring the Investment Manager's positioning of the Company's portfolio and considers the business to have a single operating segment.

There were no changes in the reportable segments during the year.

Revenue earned is reported separately in the Statement of Comprehensive Income as dividend income received from equities, and interest income received from fixed interest securities and bank deposits.

The Statement of Cash Flows separately reports cash flows from operating and financing activities.

## 18 Financial instruments

In accordance with its investment objectives and policies, the Company holds financial instruments which at any one time may comprise the following –

- securities held in accordance with the investment objectives and policies
- cash and short-term receivables and payables arising directly from operations
- derivative transactions including investment in forward foreign currency contracts and
- borrowing up to a maximum of 30% of the NAV of the Company.

### Terms, conditions and accounting policies

The financial instruments held by the Company comprise principally internationally listed or quoted equities or equity related securities (including convertibles), and/or bonds which are issued by corporate issuers, supra-nationals or government organisations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 2. The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IFRS 9.

The following are the categories of financial instruments held by the Company at the reporting date –

	30 June 20	30 June 19
	Fair value £	Fair value £
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
Listed securities	365,857,649	356,244,075
Unlisted securities	1,593,750	1,593,750
UCITS funds	33,545,643	32,380,060
Financial assets at amortised cost		
Cash and cash equivalents	42,667,336	19,375,840
Trade and other receivables	8,869,483	548,488
	452,533,861	410,142,213
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	3,541,719	332,037
Financial liabilities at amortised cost		
Trade and other payables	4,887,485	3,538,454
	8,429,204	3,870,491

## 19 Financial risk management and associated risks

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks, which have applied throughout the year and the Investment Manager's policies for managing them are summarised as follows:

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the market risks of changes in market prices, interest rates and foreign currency exchange rates.



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### *Market price risk*

Market price risk arises mainly from the uncertainty about future prices of the financial instruments held by the Company. It represents the potential loss the Company may suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Placing and Offer for Subscription document mitigates the risk of excessive exposure to any particular type of security or issuer.

### *Market price sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to equity, investment funds and bond price risks at the reporting date. The 20% reasonably possible price movement for equity-related securities and investment funds (30 June 2019: 20%) is based on the Investment Manager's best estimates. The sensitivity rate for equity-related investments of 20% is regarded as reasonable, as in the Investment Manager's view there continues to be potential for volatility in equity markets in the coming year.

A 20% (30 June 2019: 20%) increase in the market prices of equity-related investments as at 30 June 2020 would have increased the net assets attributable to holders of redeemable participating preference shares by £48,419,953 (30 June 2019: £46,353,077) and a 20% change in the opposite direction would have decreased the net assets attributable to holders of redeemable participating preference shares by an equal opposite amount.

A sensitivity analysis based on the interest rates of bond-related investments as at 30 June 2020 has been considered under Interest rate risk on pages 91 to 94.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

### **Foreign currency risk**

Foreign currency risk arises from fluctuations in the value of a foreign currency. It represents the potential loss the Company may suffer though holding foreign currency assets in the face of foreign exchange movements.

As a portion of the Company's investment portfolio is invested in securities denominated in currencies other than pound sterling (the functional and presentation currency of the Company), the Statement of Financial Position may be significantly affected by movements in the exchange

rates of such currencies against pound sterling. The Investment Manager has the power to manage exposure to currency movements by using options, warrants and/or forward foreign currency contracts and details of the holdings of such instruments at the date of these Financial Statements is set out below and on the following page. In the event that the base currency weakens during the course of the contract, the contract will expire at a loss that will be offset by a corresponding gain in the underlying assets. The opposite would be true when the base currency strengthens during the course of the contract.

As at 30 June 2020, the Company had three (30 June 2019: three) open forward foreign currency contracts.

#### Forward foreign exchange contracts at 30 June 2020

Expiry date	Underlying	Notional amounts of contracts outstanding	Fair value liabilities £
11 Sep 2020	Foreign currency (sale of USD)	US\$152,000,000	(3,240,867)
11 Sep 2020	Foreign currency (sale of USD)	US\$10,000,000	(113,864)
11 Sep 2020	Foreign currency (sale of JPY)	¥1,200,000,000	(186,988)
			(3,541,719)

#### Forward foreign exchange contracts at 30 June 2019

Expiry date	Underlying	Notional amounts of contracts outstanding	Fair value liabilities £
13 Sep 2019	Foreign currency (sale of USD)	US\$185,000,000	(216,885)
13 Sep 2019	Foreign currency (sale of USD)	US\$14,130,000	(12,709)
13 Sep 2019	Foreign currency (sale of JPY)	¥2,000,000,000	(102,443)
			(332,037)

The Company's treatment of currency transactions other than in pound sterling is set out in note 2 to the Financial Statements under 'Translation of foreign currency.'

As at 30 June 2020 and 30 June 2019, the Company held the following assets and liabilities in currencies other than the functional currency, excluding the impact of forward foreign exchange contracts disclosed above.

	30 June 20 assets £	30 June 20 liabilities £	30 June 19 assets £	30 June 19 liabilities £
Australian dollar	5,435,872	–	–	–
Canadian dollar	–	–	1,423,736	–
Euro	11,739,650	–	13,271,216	–
Hong Kong dollar	1,494,871	–	1,643,857	–
Yen	38,350,207	–	43,628,338	–
Norwegian krone	–	–	2,215,817	–
US dollar	157,276,696	–	157,440,161	2,754,787
Total	214,297,296	–	219,623,125	2,754,787

#### Foreign currency sensitivity

As at 30 June 2020, if foreign exchange rates had weakened 10% (30 June 2019: 10%) against pound sterling with all other variables held constant, net assets attributable to holders of redeemable participating preference shares would be £7,474,679 (30 June 2019: £4,589,560) lower, net of open forward foreign currency contracts and due mainly as a result of foreign currency losses on translation of these financial assets and liabilities to pound sterling; and a 10% strengthening of foreign exchange rates against pound sterling would have resulted in an equal but opposite effect on the net assets attributable to holders of redeemable participating preference shares. The sensitivity rate of 10% is regarded as reasonable as this approximates to the average volatility of the principal foreign currencies to which the Company is exposed against pound sterling. Any changes in the foreign exchange rate will directly affect the profit and loss, allocated to the capital column of the Statement of Comprehensive Income.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

As has been seen in previous years currencies can fluctuate by more or less than this indicative amount. The Investment Manager will incorporate this variable into risk analysis when managing the investments.

#### Interest rate risk

Interest rate risk represents the uncertainty of investment return due to changes in the market rates of interest.

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The Company invests in fixed and floating rate securities. The income of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. Interest receivable on bank deposits or payable on the bank overdraft positions will be affected by fluctuations in interest rates.

The Investment Manager actively manages the Company's exposure to interest rate risk, paying heed to prevailing interest rates and economic conditions, market expectations and their own opinions of likely movements in interest rates. Currently the vast majority of the exposure of the Company to fixed interest securities is in the form of index-linked bonds. The value of these investments is determined by current and expected inflation and interest rates.

The value of fixed interest securities will be affected by general changes in interest rates that will in turn result in increases or decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise, and when interest rates rise, the value of those investments may decline.

The investment portfolio details the security type, issuer, interest rate, and maturity date of all of the Company's fixed and floating rate securities as at 30 June 2020.

The following tables summarise the Company's exposure to interest rate risk. It includes the Company's financial assets and liabilities at fair values, categorised by underlying interest rate type.

As at 30 June 2020

	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
<b>Financial assets</b>				
Investments at fair value through profit or loss	–	158,897,275	242,099,767	400,997,042
Cash and cash equivalents	42,667,336	–	–	42,667,336
Trade and other receivables	–	–	8,869,483	8,869,483
	42,667,336	158,897,275	250,969,250	448,133,861
<b>Financial liabilities</b>				
Derivative financial liabilities	–	–	3,541,719	3,541,719
Trade and other payables	–	–	4,887,485	487,485
	–	–	8,429,204	4,029,204

As at 30 June 2019

	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
<b>Financial assets</b>				
Investments at fair value through profit or loss	19,375,840	–	–	19,375,840
Cash and cash equivalents	–	158,452,500	231,765,385	390,217,885
Trade and other receivables	–	–	548,488	548,488
	19,375,840	158,452,500	232,322,270	410,142,213
<b>Financial liabilities</b>				
Derivative financial liabilities	–	–	332,037	332,037
Trade and other payables	–	–	3,543,576	3,543,576
	–	–	3,875,613	3,875,613

The table below summarises weighted average effective (real) interest rates for fixed rate financial instruments.

	30 June 20 %	Weighted average period for which rate/yield is fixed (years)	30 June 19 %	Weighted average period for which rate/yield is fixed (years)
UK government bonds	-1.6905	31.97	-1.9793	43.71
US government bonds	-0.4739	16.49	1.4677	0.99
Japanese government bonds	0.1447	6.69	-0.4180	7.69

#### Interest rate sensitivity analysis

An increase of 50 basis points (30 June 2019: 100 basis points) in interest rates as at the reporting date would have decreased the net assets attributable to holders of redeemable participating preference shares by £16,079,980 (30 June 2019: £26,029,883) and a decrease of 10 basis points (30 June 2019: 25 basis points) in interest rates would have increased the net assets attributable to holders of redeemable participating preference shares by £3,215,996 (30 June 2019: £6,507,471).

Key determinants of interest rates include economic growth prospects, inflation, governments' fiscal positions and rates on nominal bonds of similar maturities. This sensitivity analysis assumes a 50 basis point increase and a 10 basis point decrease in interest rates (30 June 2019: 100 basis point increase or 25 basis point decrease), with all other variables unchanged. This would be the equivalent of a 50 basis point increase and 10 basis point decreases in 'real' interest rates and as such is likely to overstate the actual impact of such a move in nominal rates. The reduced interest sensitivity rates in the current year are regarded as reasonable due to the lower interest rate environment as a result of effect of the covid-19 pandemic on national economies.

As most of the Company's fixed rate securities are index-linked bonds, their yields, and as a consequence their prices, are determined by market perception as to the appropriate level of yields given the economic background.

This analysis does not allow for the impact of investments held within Ruffer Protection Strategies which may reduce the sensitivity to changes in interest rates. See derivatives comment below.

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## Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Failure of any relevant counterparty to perform its obligations in respect of these items may lead to a financial loss.

The Company is exposed to credit risk in respect of cash and cash equivalents and trade and other receivables. The credit risk associated with debtors is limited to the unrealised gains on open derivative contracts such as forward foreign currency contracts, as detailed above and trade and other receivables. It is the opinion of the Board of Directors that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Company will not invest in the securities of any company that is not quoted or does not have a listing on a market specified in the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 except for investments in investment funds and such other financial markets as may be specifically agreed from time to time between the Board and the Investment Manager.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

The Placing and Offer for Subscription document allows investment in a wide universe of equity related securities and bonds, including those in countries that may be classed as emerging or developing. In adhering to investment restrictions set out within the document, the Company mitigates the risk of any significant concentration of credit risk.

## Credit risk analysis

The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below –

	30 June 20 £	30 June 19 £
Financial assets at fair value through profit or loss	400,997,042	390,217,885
Cash and cash equivalents	42,667,336	19,375,840
Trade and other receivables	8,869,483	548,488
	452,533,861	410,142,213

The Company is exposed to material credit risk in respect of cash and cash equivalents. Substantially, all cash is placed with Northern Trust (Guernsey) Limited (NTGL).

NTGL is a wholly owned subsidiary of The Northern Trust Corporation (TNTC). TNTC is publicly traded and a constituent of the S&P 500. TNTC has a long-term credit rating of A+ (30 June 2019: A+) from Standard & Poor's and A2 (30 June 2019: A2) from Moody's.

The Moody's credit ratings of the issuers of Bonds held by the Company as at 30 June 2020 were as follows –

	30 June 20	30 June 19
UK index-linked gilt 1.875% 22/11/2022	Aa2	Aa2
UK gilt 2.000% 22/07/2020	Aa2	-
UK index-linked gilt 0.375% 22/03/2062	Aa2	Aa2
UK index-linked gilt 0.125% 22/03/2068	Aa2	Aa2
US Treasury inflation indexed bond 0.125% 15/04/2021	Aaa	-
US Treasury inflation indexed bond 1.750% 15/01/2028	Aaa	-
US Treasury inflation indexed bond 0.875% 15/01/2029	Aaa	-
US Treasury inflation indexed bond 0.625% 15/02/2043	Aaa	-
US Treasury inflation indexed bond 0.750% 15/02/2045	Aaa	-
US Treasury inflation indexed bond 0.250% 15/02/2050	Aaa	-
Japanese government index-linked bond 0.10% 10/03/2026	Aaa	Aaa
Japanese government index-linked bond 0.10% 10/03/2027	Aaa	Aaa
Japanese government index-linked bond 0.10% 10/03/2028	Aaa	Aaa

None of the Company's financial assets is secured by collateral or other credit enhancements.

#### Derivatives

The Company has gained exposure to derivative contracts (predominantly options and forward currency contracts) as a risk management tool. The intention of using such derivative contracts has been primarily to minimise the exposure of the Company to the negative impact of changes to foreign exchange rates, interest rates, market volatility and to protect the portfolio from a correlated fall in bonds and equities. At the year end, all such instruments (except forward foreign



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exchange contracts) were held within the Ruffer Protection Strategies vehicle as detailed in the Portfolio Statement.

### Fair value

Financial assets at fair value through profit or loss are carried at fair value. Other assets and liabilities are carried at cost which approximates fair value.

IFRS 7 requires the Company to classify a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 7 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows –

Level 1 – Quoted prices, based on bid prices, (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) and

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Assets classified in Level 1 consist of listed or quoted equities or equity related securities, options and bonds which are issued by corporate issuers, supra-nationals or government organisations.

Assets classified in Level 2 are investments in funds fair-valued using the official NAV of each fund as reported by each fund’s independent administrator at the reporting date. Where these funds are

invested in equity type products, they are classified as equity in the table above. Options and foreign exchange forward contracts are fair valued using publicly available data. Foreign exchange forward contracts are shown as derivative financial assets and liabilities in the above table.

Assets classified in Level 3 consist of investments for which no market exists for trading, for example investments in liquidating or illiquid funds, and are reported using the latest available official NAV less dividends declared to date of each fund as reported by each fund's independent administrator at the last reporting date. Where a market exists for trading in illiquid funds, these are classified in Level 2.

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 30 June 2020.

	Level 1 £	Level 2 £	Level 3 £	30 June 20 Total £
Financial assets at fair value through profit or loss –				
Non-UK index-linked bonds	95,722,858	–	–	95,722,858
Long-dated index-linked gilts	44,790,755	–	–	44,790,755
Short-dated gilts	16,016,640	–	–	16,016,640
Other index-linked gilts	2,367,022	–	–	2,367,022
Credit protection and options	–	57,608,234	–	57,608,234
Gold and gold equities	33,486,247	18,068,245	–	51,554,492
Equities	115,865,893	15,477,398	1,593,750	132,937,041
<b>Total assets</b>	<b>308,249,415</b>	<b>91,153,877</b>	<b>1,593,750</b>	<b>400,997,042</b>
Financial liabilities at fair value through profit or loss –				
Derivative financial liabilities	–	3,541,719	–	3,541,719
<b>Total liabilities</b>	<b>–</b>	<b>3,541,719</b>	<b>–</b>	<b>3,541,719</b>

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 30 June 2019.

	Level 1 £	Level 2 £	Level 3 £	30 June 19 Total £
Financial assets at fair value through profit or loss –				
Non-UK index-linked bonds	100,890,757	–	–	100,890,757
Long-dated index-linked gilts	55,117,395	–	–	55,117,395
Other index-linked gilts	2,444,348	–	–	2,444,348
Credit protection and options	–	34,081,721	–	34,081,721
Gold and gold equities	6,628,974	24,760,560	–	31,389,534
Equities	148,866,646	15,833,734	1,593,750	166,294,130
<b>Total assets</b>	<b>313,948,120</b>	<b>74,676,015</b>	<b>1,593,750</b>	<b>390,217,885</b>
Financial liabilities at fair value through profit or loss –				
Derivative financial liabilities	–	332,037	–	332,037
<b>Total liabilities</b>	<b>–</b>	<b>332,037</b>	<b>–</b>	<b>332,037</b>

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the years ended 30 June 2020 and 30 June 2019, there were no transfers between levels of fair value hierarchy.

The movements in Level 3 investments during the year were as follows.

	Year ended 30 June 20 £	Year ended 30 June 19 £
Opening valuation	1,593,750	1,593,750
Unrealised movement on revaluation of investments	–	–
	<b>1,593,750</b>	<b>1,593,750</b>

### Liquidity risk

Liquidity risk is the risk that the Company will find it difficult or impossible to realise assets or otherwise raising funds to meet financial commitments. The Company's liquidity risk is managed

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by the Investment Manager who monitors the cash positions on a regular basis. The Company's overall liquidity risks are monitored on a regular basis by the Board of Directors and a formal report is made by the Investment Manager to the Directors at each Board Meeting.

As at 30 June 2020 and 30 June 2019, the Company had no significant financial liabilities other than short-term payables arising directly from investing activity and derivative financial liabilities used to minimise the Company's foreign currency exposure.

## 20 Capital risk management

The fair value of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date. For the purposes of this disclosure, redeemable participating preference shares are considered to be capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and be viable in order to pursue its investment objectives. The Board regularly reviews the Company's capital structure, including gearing levels. It also decides the extent to which any return of capital or income may be made to shareholders by way of dividends or share repurchases. It is the Board's intention to increase the market capitalisation of the Company not only through capital gain on the portfolio but also through further issuance of shares when demand permits and the shares are trading at a sufficient premium to NAV per share.

The Company has the ability to borrow up to 30% of its NAV at any time for short-term or temporary purposes as is necessary for the settlement of transactions, to facilitate redemption (where applicable) or to meet ongoing expenses. At the year end the Company had no borrowings (30 June 2019: Nil). The Company does not have, nor does it intend to adopt, any structural gearing. The gearing ratio below is calculated as total liabilities divided by total equity.

	30 June 20 £	30 June 19 £
Total assets	452,541,585	410,150,610
Less: total liabilities	(8,429,204)	(3,875,613)
Total equity	444,112,381	406,274,997
Gearing ratio	1.90%	0.95%

The Board considers this gearing ratio to be adequate since total liabilities above refer only to trade and other payables and unrealised losses on open spot and forward foreign currency contracts and which represents less than 2% of the Company's total assets.

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### Redemption Facility

The Company has a Redemption Facility (which takes the form of a tender offer to all holders of redeemable participating preference shares) which was made available after 8 July 2007. This facility may operate annually, in November each year, at the discretion of the Directors.

Redemptions on any Redemption Date may be restricted to a maximum of 25% in aggregate of the Shares then in issue, with any tender requests from shareholders in excess of this being scaled back pro rata.

The facility is intended to address any imbalance in the supply and demand for the shares and to assist in maintaining a narrow discount to the NAV per Share at which the shares may be trading. The Company, will at the sole discretion of the Directors –

- a purchase shares when deemed appropriate and
- b allow an annual redemption of up to 25% of the issued shares at the prevailing NAV per Share and may operate annually in November of each year.

### Purchase of own shares by the Company

A special resolution was passed on 5 December 2019 which authorised the Company in accordance with The Companies (Guernsey) Law, 2008 to make purchases of its own shares as defined in that Ordinance of its redeemable participating preference shares of 0.01p each, provided that –

- i the maximum number of shares the Company can purchase is no more than 14.99% of the Company's issued share capital
- ii the minimum price (exclusive of expenses) which may be paid for a share is 0.01 pence, being the nominal value per share
- iii the maximum price (exclusive of expenses) which may be paid for the share is an amount equal to the higher of (i) 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Share is purchased and (ii) the price stipulated in Article 5(i) of the Buy back and Stabilisation Regulation (No 2237 of 2003)
- iv acquisitions may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the lower of the undiluted or diluted NAV

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- v the authority conferred shall expire at the conclusion of the AGM of the Company in 2020 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time and
  - vi the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract. No such repurchases of shares were made during the year (30 June 2019: Nil).

## 21 Subsequent events

These Financial Statements were approved for issuance by the Board on 10 September 2020. Subsequent events have been evaluated up until this date.

On 1 September 2020, Nicholas Pink was appointed as a Director of the Company.

An interim dividend of 0.95p per share in respect of the year ended 30 June 2020 was declared on 10 September 2020. The dividend is payable on 9 October 2020 to shareholders on record at 25 September 2020.

# Portfolio statement

## as at 30 June 2020

	Currency	Holding at 30 June 20	Fair value £	% of total net assets
<b>Government bonds 35.78%</b>				
(30 June 2019: 39.00%)				
<b>Non-UK index-linked bonds</b>				
Japanese Government Index Linked Bond 0.10% 10/03/2026	JPY	350,000,000	2,644,697	0.60
Japanese Government Index Linked Bond 0.10% 10/03/2027	JPY	350,000,000	2,652,882	0.60
Japanese Government Index Linked Bond 0.10% 10/03/2028	JPY	350,000,000	2,631,595	0.59
US Treasury Inflation Indexed Bond 0.125% 15/04/2021	USD	10,000,000	8,763,437	1.97
US Treasury Inflation Indexed Bond 1.750% 15/01/2028	USD	22,000,000	25,913,689	5.83
US Treasury Inflation Indexed Bond 0.875% 15/01/2029	USD	15,000,000	14,014,195	3.16
US Treasury Inflation Indexed Bond 0.625% 15/02/2043	USD	15,000,000	15,907,788	3.58
US Treasury Inflation Indexed Bond 0.750% 15/02/2045	USD	14,000,000	15,055,010	3.39
US Treasury Inflation Indexed Bond 0.250% 15/02/2050	USD	9,000,000	8,139,565	1.83
<b>Total non-UK index-linked bonds</b>			<b>95,722,858</b>	<b>21.55</b>
<b>United Kingdom bonds</b>				
<b>Long-dated index-linked gilts</b>				
UK index-linked Gilt 0.375% 22/03/2062	GBP	6,050,000	20,768,378	4.68
UK index-linked Gilt 0.125% 22/03/2068	GBP	6,800,000	24,022,377	5.41
<b>Total long-dated index-linked gilts</b>			<b>44,790,755</b>	<b>10.09</b>
<b>Short-dated gilts</b>				
UK Gilt 2.000% 22/07/2020	GBP	16,000,000	16,016,640	3.61
<b>Other index-linked gilts</b>				
UK index-linked Gilt 1.875% 22/11/2022	GBP	1,500,000	2,367,022	0.53
<b>Total UK bonds</b>			<b>63,174,417</b>	<b>14.23</b>
<b>Total government bonds</b>			<b>158,897,275</b>	<b>35.78</b>
<b>Equities 29.93% (30 June 2019: 40.93%)</b>				
<b>Europe</b>				
Carrefour	EUR	130,000	1,619,701	0.36
Vinci	EUR	45,000	3,341,576	0.75
Vivendi	EUR	80,000	1,655,072	0.37
ArcelorMittal	EUR	600,000	5,092,391	1.15
<b>Total Europe equities</b>			<b>11,708,740</b>	<b>2.63</b>

	Currency	Holding at 30 June 20	Fair value £	% of total net assets
<b>United Kingdom</b>				
Barclays	GBP	1,818,230	2,080,055	0.47
Barratt Developments	GBP	400,000	1,983,200	0.45
Belvoir Lettings	GBP	872,500	1,003,375	0.23
Breedon	GBP	1,700,000	1,319,200	0.30
Countryside Properties	GBP	842,040	2,787,152	0.63
Grit Real Estate	USD	1,626,850	1,010,140	0.23
Hipgnosis Songs Fund	GBP	1,400,000	1,624,000	0.36
Lloyds Banking Group	GBP	25,776,800	8,035,918	1.81
Ocado Group	GBP	170,000	3,445,900	0.77
PRS Real Estate Investment Trust	GBP	2,500,000	1,845,000	0.41
Renn Universal Growth Trust	GBP	937,500	1,593,750	0.36
Royal Bank of Scotland Group	GBP	3,400,000	4,132,700	0.93
Royal Dutch Shell	GBP	180,000	2,203,200	0.50
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	71,400	15,477,398	3.49
Secure Trust Bank	GBP	58,345	397,913	0.09
Tesco	GBP	3,100,000	7,071,100	1.59
Tufton Oceanic Assets	USD	2,348,347	1,704,308	0.39
<b>Total UK equities</b>			<b>57,714,309</b>	<b>13.01</b>
<b>North America</b>				
American Express	USD	50,000	3,835,981	0.86
Benefytt Technologies	USD	44,500	734,191	0.17
Bristol Myers Squibb CVR	USD	77,000	220,426	0.05
Cemex	USD	904,910	2,094,260	0.47
Centene	USD	52,000	2,665,204	0.60
Charles Schwabb	USD	59,000	1,604,766	0.36
Cigna	USD	18,000	2,720,829	0.61
Ehealth	USD	19,282	1,526,265	0.34
ExxonMobil	USD	56,000	2,017,644	0.46
General Motors	USD	190,000	3,874,768	0.87
JPMorgan Chase	USD	30,000	2,273,526	0.51
Synchrony Financial	USD	100,000	1,786,146	0.40
Walt Disney	USD	60,000	5,390,372	1.21
<b>Total North America equities</b>			<b>30,744,378</b>	<b>6.91</b>



	Currency	Holding at 30 June 20	Fair value £	% of total net assets
<b>Japan</b>				
Bandai Namco Holdings	JPY	30,500	1,289,605	0.29
Central Glass	JPY	13,000	177,751	0.04
Dena	JPY	18,100	181,759	0.04
Fuji Electric	JPY	85,000	1,865,899	0.42
Fuji Media	JPY	21,200	164,260	0.04
Fujitec	JPY	18,900	279,181	0.06
Fujitsu	JPY	40,000	3,761,236	0.85
Hoya	JPY	20,000	1,530,196	0.35
Japan Petroleum Exploration	JPY	10,800	145,895	0.03
Kato Sangyo	JPY	17,900	471,443	0.11
Koito Manufacturing	JPY	6,500	210,290	0.05
Mitsubishi Electric	JPY	260,000	2,713,858	0.61
Mitsubishi Heavy Industries	JPY	90,000	1,696,254	0.38
Nippo	JPY	13,500	274,460	0.06
Nippon Seiki	JPY	35,500	330,494	0.07
Nippon Television	JPY	22,300	194,277	0.04
Nissan Shatai	JPY	55,800	385,650	0.09
Nomura Real Estate Holdings	JPY	240,000	3,573,846	0.80
NTT Data	JPY	21,300	190,498	0.04
Orix	JPY	235,000	2,332,635	0.53
Sekisui Jushi	JPY	8,800	141,627	0.03
Shin-Etsu Polymer	JPY	33,100	217,387	0.05
Sony	JPY	54,000	2,973,573	0.67
Tachi-S	JPY	43,200	278,233	0.06
Teikoku Sen-I	JPY	26,900	459,257	0.10
Toagosei	JPY	31,600	248,382	0.06
Toei Animation	JPY	11,500	428,761	0.10
Toei	JPY	2,000	215,184	0.05
Token	JPY	4,400	230,785	0.05
Tokio Marine	JPY	50,000	1,749,490	0.39
Tokyo Broadcasting	JPY	17,400	223,352	0.05

	Currency	Holding at 30 June 20	Fair value £	% of total net assets
Toppan Forms	JPY	26,800	213,256	0.05
Torii Pharmaceutical	JPY	9,700	224,311	0.05
Toyota Industries	JPY	5,100	215,296	0.05
TS Tech	JPY	10,000	219,996	0.05
TV Asahi	JPY	15,900	186,396	0.04
<b>Total Japan equities</b>			<b>29,994,743</b>	<b>6.75</b>
Asia (ex-Japan)				
Swire Pacific	HKD	350,000	1,494,871	0.34
Weiss Korea Opportunity Fund	GBP	800,000	1,280,000	0.29
<b>Total Asia (ex-Japan) equities</b>			<b>2,774,871</b>	<b>0.63</b>
<b>Total equities</b>			<b>132,937,041</b>	<b>29.93</b>
<b>Gold and gold equities 11.61% (30 June 2019: 7.73%)</b>				
AngloGold Ashanti	USD	200,000	4,752,843	1.07
AmGold	USD	1,800,000	5,733,409	1.29
Ishares Physical Gold	USD	170,000	4,780,864	1.08
Kinross Gold	USD	1,000,000	5,822,111	1.31
LF Ruffer Gold Fund*	GBP	5,522,869	18,068,245	4.07
Newcrest Mining	AUD	310,000	5,435,872	1.22
Newmont Gold	USD	50,000	2,488,509	0.56
Wheaton Precious Metals	USD	126,000	4,472,639	1.01
<b>Total gold and gold equities</b>			<b>51,554,492</b>	<b>11.61</b>
<b>Credit protection and options 12.97% (30 June 2019: 8.39%)</b>				
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	52,961,000	38,549,570	8.68
Ruffer Protection Strategies International*	GBP	5,500,177	19,058,664	4.29
<b>Total credit protection and options</b>			<b>57,608,234</b>	<b>12.97</b>
<b>Total investments</b>			<b>400,997,042</b>	<b>90.29</b>
<b>Cash and other net assets</b>			<b>43,115,339</b>	<b>9.71</b>
			<b>444,112,381</b>	<b>100.00</b>

\*Ruffer Protection Strategies International and Ruffer Illiquid Multi Strategies Fund 2015 Ltd are classed as related parties as they share the same Investment Manager (Ruffer AIFM Limited) as the Company. LF Ruffer Gold Fund and Ruffer SICAV UK Mid & Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.

## General information

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Ruffer Investment Company Limited was incorporated in Guernsey as a company limited by shares and as an authorised closed-ended investment company on 1 June 2004. 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. The Company invests predominantly in internationally listed or quoted equities or equity related securities (including convertibles) and/or bonds which are issued by corporate issuers, supra-nationals or government organisations.

The Company's redeemable participating preference shares are listed on the London Stock Exchange, premium segment.

The accounting date of the Company is 30 June in each year. These Financial Statements were authorised for issue on 10 September 2020 by the Directors.

The Investment Manager is authorised and regulated by the United Kingdom Financial Conduct Authority as a full-scope Alternative Investment Fund Manager (AIFM). The Investment Manager is entitled to an investment management fee payable to the AIFM monthly in arrears at a rate of 1% of the Net Asset Value per annum.

The Investment Manager and the Board intend to conduct the affairs of the Company so as to ensure that it will not become resident in the United Kingdom. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a branch or agency situated therein, the Company will not be subject to United Kingdom Corporation Tax or Income Tax.

Until 31 March 2019, Northern Trust International Fund Administration Services (Guernsey) Limited (the former Administrator) was entitled to receive an annual fee equal to 0.15% per annum on the first £100 million and 0.10% per annum thereafter on the NAV of the Company on a mid market basis, subject to a minimum fee of £60,000 per annum. With effect from 1 April 2019, Praxis Fund Services Limited ('the Administrator') is entitled to receive an annual fee equal to 0.08% per annum on the first £100 million; 0.04% per annum between £100 million and £200 million; 0.02% per annum between £200 million and £300 million; and 0.015% per annum thereafter; based on the NAV of the Company on a mid-market basis, subject to a minimum fee of £100,000 per annum.

Northern Trust (Guernsey) Limited ('the Custodian') is entitled to receive from the Company a fee of £2,000 per annum. The Custodian is also entitled to charge for certain expenses incurred by it in connection with its duties.

Northern Trust (Guernsey) Limited ('the Depositary') is entitled to an annual Depositary fee payable monthly in arrears at a rate of 0.01% of the Net Asset Value of the Company up to £100 million, 0.008% on the next £100 million and 0.006% thereafter as at the last business day of the month subject to a minimum fee of £20,000 per annum.

# Management and administration

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## Directors

Ashe Windham  
John V Baldwin (resigned 31 May 2020)  
Shelagh Mason (appointed 1 June 2020)  
Christopher Russell  
Jill May  
David Staples  
Nicholas Pink (appointed 1 September 2020)

## Registered Office

Sarnia House  
Le Truchot  
St Peter Port  
Guernsey GY1 1GR

## Independent Auditor

Deloitte LLP  
Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey GY1 3HW

## Investment Manager and Alternative

### Investment Fund Manager

Ruffer AIFM Limited  
80 Victoria Street  
London SW1E 5JL

## Solicitors to the Company as to UK law

Gowling WLG  
4 More London Riverside  
London SE1 2AU

## Company Secretary and Administrator

Praxis Fund Services Limited  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey GY1 1GR

## Sponsor and broker

Investec Bank plc  
30 Gresham Street  
London EC2V 7QP

## Custodian

Northern Trust (Guernsey) Limited  
Trafalgar Court, Les Banques  
St Peter Port  
Guernsey GY1 3DA

## Depositary

Northern Trust (Guernsey) Limited  
Trafalgar Court, Les Banques  
St Peter Port  
Guernsey GY1 3DA

## Advocates to the Company as to Guernsey law

Mourants  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4HP

## CREST Agent

Computershare Investor Services  
(Jersey) Limited  
Queensway House  
Hilgrove Street  
St Helier  
Jersey JE1 1ES

## Appendix (unaudited)

To 31 Dec %	+2004	2005	2006	2007	2008	2009	2010	2011	2012
RIC NAV TR	8.9	14	0.1	6	23.8	15.1	16.5	0.7	3.4
FTSE All-Share TR	12.3	22.0	16.8	5.3	-29.9	30.1	14.5	-3.5	12.3
	2013	2014	2015	2016	2017	2018	2019	‡2020 Annualised	
	9.5	1.8	-1	12.4	1.6	-6	8.4	6.7	7.4
	20.8	1.2	1.0	16.8	13.1	-9.5	19.2	-17.5	6.6

† From July 2004

‡ To June 2020

Source: Thomson Datastream, Ruffer, FTSE International (FTSE)†. Please note that 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.

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