

# Ruffer Investment Company Limited

An alternative to alternative asset management



December 2020 Issue 187

During December, the share price rose by 5.8% and the NAV rose 2.2%. This compared with a rise of 3.9% in the FTSE All-Share total return index. The NAV return for 2020 was 13.5% and the share price return was 17.0%. This was a good result relative to the Company's objectives, both in terms of the absolute performance and also in the all-weather nature of the positive returns made in rising and falling markets.

Christmas may have been cancelled for millions but December continued to proffer gifts: equities, bonds and gold all rose. November's vaccine-induced recovery of value stocks may have waned as the second wave broke, but this weakness gave us the chance to add to favoured names. So, too, did the back and forth of political pantomimes. In America, Congress played chicken over additional fiscal stimulus, agreeing a deal at the eleventh hour. In the UK, Brexit's 'Deal or No Deal?' festive special ran to the wire, but the resulting deal should be enough to remove the uncertainties making UK stocks anomalously cheap. Profit-taking elsewhere kept the equity allocation largely unchanged at around 40%. Equities accounted for over 2.1% of performance in December. Gold added a further 0.5% and remains a key protection against accelerating paper currency debasement, alongside the inflation-protected bonds (c 35%) which did little this month. Over the whole of 2020 gold rose 25% (in USD) and mining stocks did better still, making them one of the biggest performance contributors for 2020. But new redoubts against currency compromise may also be emerging. The Company recently gained exposure to the cryptocurrency bitcoin mostly via the Ruffer Multi Strategies Fund – also home to our credit protection. As Brexit talks entered their unpredictable final stretch, we increased exposure to the US dollar (from around 7% to 17%). The greenback could still prove a powerful protection in a world starved of conventional offsets.

What of the road ahead? Froth is building in corners of the market as evidenced by booming IPOs and blank-cheque SPACs (Special Purpose Acquisition Companies). But market consensus expects the combination of fiscal and monetary support, pent-up demand and vaccine-induced economic re-opening will drive another positive year for stocks. If so, the portfolio's bias to economically sensitive equities should power returns. Yet 2020's lived experience underlines the need to prepare for the unexpected. It also suggests investors should focus more on what Michele Wucker described as 'gray rhinos': big risks hiding in plain sight which are ignored. Ballooning debt, inflation risk and political instability are examples. 2020 has acted as a 'great acceleration' of existing trends, fattening these 'gray rhinos' and making a world of higher volatility and deeper financial repression more likely. It will pay to be prepared. As always, we retain a balance of assets to protect and grow your investment whatever the weather.

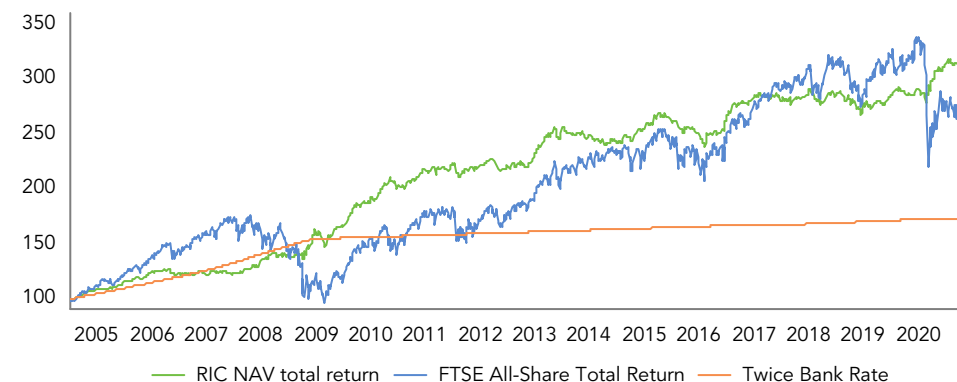
Ashe Windham retired as chairman of the Ruffer Investment Company on 4 December. We would like to thank him for his dedication and service to shareholders since becoming Chairman in 2011. His inclusive and collegiate approach ensured that he chaired an effective board that was able to constructively challenge the manager and represent shareholder interests.

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to 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.

## Investment objective

The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate by investing predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

## Performance since launch on 8 July 2004



Performance %	Net Asset Value	Share price	As at 31 December 2020	p
December 2020	2.2	5.8	<b>Share price</b>	<b>263.00</b>
Year to date	13.5	17.0	<b>Net Asset Value (NAV) per share</b>	<b>260.56</b>
1 year	13.5	17.0		%
3 years	15.6	14.6	Premium/discount to NAV	0.9
5 years	32.1	30.9	NAV total return since inception <sup>2</sup>	231.7
10 years	51.6	44.8	Standard deviation <sup>3</sup>	1.88
			Maximum drawdown <sup>3</sup>	-8.62

Performance calculated on a total return basis (including reinvestment of income)  
<sup>2</sup>Including 40.0p of dividends <sup>3</sup>Monthly data (total return NAV)

12 month performance to December 2020 %	2016	2017	2018	2019	2020
RIC NAV total return	12.4	1.6	-6.0	8.4	13.5
FTSE All-Share Total Return	16.8	13.1	-9.5	19.2	-9.8
Twice Bank Rate	0.8	0.6	1.2	1.3	0.4

Source: Ruffer LLP, FTSE International (FTSE) †

# Ruffer Investment Company Limited as at 31 Dec 2020

## Asset allocation



### Asset allocation %

● Non-UK index-linked	21.9
● Illiquid strategies and options	9.6
● Long-dated index-linked gilts	9.3
● Cash	8.5
● Gold and gold equities	7.0
● Index-linked gilts	3.0
● UK equities	17.4
● North America equities	9.4
● Japan equities	8.5
● Europe equities	4.3
● Asia ex-Japan equities	1.0

### Currency allocation %

● Sterling	69.6
● US dollar	18.1
● Gold	7.0
● Yen	2.6
● Euro	0.9
● Other	1.8

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	2.5
Walt Disney	1.6
Tesco	1.5
NatWest Group	1.3
BP	1.2
Royal Dutch Shell	1.2
Barclays	1.1
Countryside Properties	1.0
American Express	1.0
Volkswagen	1.0

## 5 largest bond holdings

Stock	% of fund
US Treasury 1.75% TIPS 2028	5.2
UK Treasury index-linked 0.125% 2068	5.0
UK Treasury index-linked 0.375% 2062	4.3
UK Treasury index-linked 1.875% 2022	3.0
US Treasury 0.875% TIPS 2029	2.8

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £471.1m Market capitalisation £475.5m Shares in issue 180,788,416

## Company information

Annual management charge (no performance fee)	1.0%		
Ongoing Charges Figure*	1.08%		
Ex dividend dates	March, September		
NAV valuation point	Weekly, every Tuesday and the last business day of the month		
Stock ticker	RICA LN		
ISIN	GB00B018CS46	SEDOL	B018CS4
Administrator	Praxis Fund Services Limited		
Broker	Investec		
Custodian	Northern Trust (Guernsey) Limited		
Company structure	Guernsey domiciled limited company		
Share class	£ sterling denominated preference shares		
Listing	London Stock Exchange		
NMPI status	Excluded security		
Wrap	ISA/SIPP qualifying		
Discount management	Share buyback Discretionary redemption facility		

\* Audited at 30 June 2020

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## Fund Managers

### Hamish Baillie

INVESTMENT DIRECTOR

A graduate of Trinity College Dublin, he joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP and is a director of Ruffer (Channel Islands) Limited. He is a member of the Chartered Institute for Securities & Investment.



### Duncan MacInnes

INVESTMENT DIRECTOR

Joined Ruffer in 2012. He graduated from Glasgow University School of Law in 2007 and spent four years working at Barclays Wealth and Barclays Capital in Glasgow, London and Singapore. Duncan is a CFA charterholder.



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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts. The Key Information Document is provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk).

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## Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2020, assets managed by the group exceeded £20.3bn.