

Ruffer Investment Company Limited

An alternative to alternative asset management



June 2021 Issue 193

During June the Company's net asset value (NAV) fell by 2.5% as the share price fell by 3.2%. This compared with a rise of 0.2% in the FTSE All-Share total return index.

The June meeting of the US Federal Reserve was always going to be closely watched. With the US economy continuing to re-open, US employment levels recovering, and inflationary pressures rising, investors were on the lookout for any change from the Fed's hitherto very accommodative stance. Market action in response to the meeting confirmed investors' faith in the omnipotence and omniscience of central banks remains undimmed. The Fed's commentary fully acknowledged recent surging inflation prints, nascent wage growth and increasing bottlenecks. This prompted short-term bond yields to rise, confirming US interest rates might begin to rise slightly sooner than originally thought. The fact long bond yields actually fell after the meeting, suggests markets have totally bought the Fed view the present inflationary pressures will be merely transitory, and only the slightest tap of the brakes should be necessary to bring everything back under control.

These dynamics were undeniably unhelpful for the portfolio in the later part of June. The decline in long bond yields took the wind out of the sails of the portfolio's cyclical and financial equities. The rising US dollar, reflecting the slight change in interest rate expectations, hobbled gold, while the feeling all would be 'right on the inflation night' caused breakevens to fall.

We continue to believe growth expectations in the eurozone are underpriced, and less exuberant growth in the US can thus be compensated elsewhere. We are also sceptical of the view of inflation as transitory. Our reasons for this view have been well rehearsed on prior occasions, but recovering wage growth, eye-watering government spending the world over, fractured supply chains and the fact not all capacity will return post-pandemic are only a few. However we are not bullet-headed. We have always said the road to the inflationary end game would encompass many diversions, and have its bumpy moments when our views might look well offside. To protect against such discomforts, we have increased the portfolio's US dollar exposure on a tactical basis and trimmed the gold bullion position. If there is one indicator the reflation trade is intact it is that the US dollar should be declining. Thus as we watch the economic data in the coming months, a higher exposure to the US currency, even if only on a short-term basis, seems to us an entirely appropriate way of expressing our long-held aspiration to be approximately right rather than exactly wrong.

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 30 June 2021	p
June 2021	-2.5	-3.2	Share price	287.00
Year to date	8.3	9.3	Net Asset Value (NAV) per share	281.32
1 year	15.3	18.6		%
3 years	25.8	26.9	Premium/discount to NAV	2.0
5 years	37.9	41.2	NAV total return since inception ²	259.02
10 years	62.7	59.5	Standard deviation ³	1.90
			Maximum drawdown ³	-8.62

Performance calculated on a total return basis (including reinvestment of income)
²Including 40.9p of dividends ³Monthly data (total return NAV)

12 month performance to June %	2017	2018	2019	2020	2021
RIC NAV total return	8.8	0.8	-0.9	10.1	15.3
FTSE All-Share Total Return	18.1	9.0	0.6	-13.0	21.5
Twice Bank Rate	0.5	0.8	1.4	1.0	0.1

Source: Ruffer LLP, FTSE International (FTSE) †

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.

Ruffer Investment Company Limited as at 30 Jun 2021

Asset allocation



Asset allocation	%
Long-dated index-linked gilts	12.9
Cash	10.3
Short-dated bonds	8.5
Illiquid strategies and options	7.5
Non-UK index-linked	7.2
Gold and gold equities	6.6
Index-linked gilts	5.6
UK equities	20.1
Japan equities	7.4
North America equities	6.6
Europe equities	5.7
Other equities	1.0
Asia ex-Japan equities	0.6

Currency allocation	%
Sterling	79.8
US dollar	7.7
Gold	6.9
Euro	3.6
Yen	0.6
Other	1.4

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.6
Royal Dutch Shell	1.9
BP	1.9
NatWest Group	1.6
Centene	1.3
GlaxoSmithKline	1.2
Bristol-Myers Squibb	1.2
Tesco	1.2
Cigna	1.1
Sumitomo Mitsui Financial Group	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	5.6
UK Treasury index-linked 0.125% 2068	5.3
UK Treasury 3.75% 2021	4.5
UK Treasury index-linked 0.125% 2065	4.2
US Treasury 0.625% TIPS 2023	3.4

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £575.9m Market capitalisation £587.5m Shares in issue 204,718,416

Company information

Annual management charge (no performance fee)	1.0%		
Ongoing Charges Figure*	1.09%		
Ex dividend dates	March, September		
NAV valuation point	Weekly, every Tuesday and the last business day of the month		
Stock ticker	RICA LN		
ISIN	GB00B018CS46	SEDOL	B018CS4
Administrator	Praxis Fund Services Limited		
Broker	Investec		
Custodian	Northern Trust (Guernsey) Limited		
Company structure	Guernsey domiciled limited company		
Share class	£ sterling denominated preference shares		
Listing	London Stock Exchange		
NMPI status	Excluded security		
Wrap	ISA/SIPP qualifying		
Discount management	Share buyback Discretionary redemption facility		

* As at 31 December 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 in Glasgow, London and Singapore. He is a CFA charterholder and is co-manager of Ruffer Investment Company.



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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.

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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 31 May 2021, assets managed by the group exceeded £22.9bn.