

Ruffer Investment Company Limited

An alternative to alternative asset management

As indicated in the Annual Report, the Company's board is preparing to offer new shares to existing and new shareholders. Further details will be published shortly and all shareholders will be notified. The offer will be open to both retail and institutional investors.

During October, the Net Asset Value of the Company rose by 2.3% and the share price by 5.4%, after allowing for a dividend of 1.55p paid during the month. This compared with a rise of 1.8% in the FTSE All-Share index.

The last two months represent a good outcome for – we held our own in September as equity and bond markets fell in tandem, and then captured the bounce in October. Performance in October was driven by inflation-focused assets – particularly gold, energy companies and inflation-linked bonds.

The policy landscape is shifting. In the last week of October there was a whiff of panic amongst fixed income investors. Short yields rose sharply as fears mounted that central bankers are behind the curve in tackling inflation. This led to some extraordinary moves. The Reserve Bank of Australia was forced to abandon its policy of yield curve control and the Bank of Canada stopped its quantitative easing programme. The Bank of England now seems likely to raise rates, the Fed has dropped the word 'transitory' from its narrative and is likely to taper its \$120bn monthly asset purchase scheme. Until recently, the sure message was that inflation would wash out and no action was required.

In other markets there is broad insouciance on inflation, and while inflation assets have performed well, so has almost everything else. According to the Bank of America Investor Survey a record number of portfolio managers are bearish on bonds, but the volume of renewables and infrastructure issuance would suggest they still love bond proxies. The gold price is down 5% year to date, the US 10-year yield is still only at 1.5% and the S&P 500 is trading at a 21x P/E multiple. This all suggests that markets are comfortable with inflation reverting lower relatively soon.

While Central Bank credibility is being threatened at the short end, perversely it seems that it is strengthening at the long-end of the yield curve. The expectation of near-term tightening is anchoring longer-term inflation expectations and long-term bond yields. Essentially the market is saying that despite lower credibility on their recent actions, Central Banks have the willpower and means to tame inflation. This emphasises the power and complacency of the belief in central bank omnipotence and underscores just how shocking it might be were that to change. Citigroup strategist Matt King summarised: 'Expect tantrums in risk [assets] if central banks respond to inflation – and tantrums in bonds if they don't.' Monetary policy setters are firmly wedged between a rock and a hard place.

While we expect inflation and real rate volatility to increase, it will not be a straightforward journey. This will necessitate a nimble portfolio. To use one example, interest rate options have allowed us to manage the Company's duration this year – making money in bonds even as yields were rising. This flexibility will be useful going forwards.

We are holding a meeting for shareholders on 30 November at our office in London. If you would like to attend please [click here](#) or email ruffer@ruffer.co.uk

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.



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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 29 October 2021	p
October 2021	2.3	5.4	Share price	304.00
Year to date	11.5	15.6	Net Asset Value (NAV) per share	288.10
1 year	19.9	28.3		%
3 years	32.6	34.8	Premium/discount to NAV	5.5
5 years	30.9	31.5	NAV total return since inception ²	270.0
10 years	69.3	72.9	Standard deviation ³	1.89
			Maximum drawdown ³	-8.62

Performance calculated on a total return basis (including reinvestment of income)
²Including 42.5p of dividends ³Monthly data (total return NAV)

12 month performance to September %	2017	2018	2019	2020	2021
RIC NAV total return	1.6	1.5	1.5	8.2	15.4
FTSE All-Share Total Return	11.9	5.9	2.7	-16.6	27.9
Twice Bank Rate	0.5	1.0	1.4	0.8	0.1

Source: Ruffer LLP, FTSE International (FTSE) †

Ruffer Investment Company Limited as at 29 Oct 2021

Asset allocation



Asset allocation	%
Long-dated index-linked gilts	12.6
Index-linked gilts	12.3
Cash	8.5
Non-UK index-linked	7.9
Gold and gold equities	7.4
Illiquid strategies and options	6.8
Short-dated bonds	3.1
UK equities	20.9
Japan equities	7.2
North America equities	6.5
Europe equities	5.7
Asia ex-Japan equities	0.3
Other equities	1.0
Currency allocation	
Sterling	84.6
Gold	7.6
Yen	5.0
Euro	0.6
US dollar	0.5
Other	1.7

Currency allocation



10 largest equity holdings*

Stock	% of fund
Royal Dutch Shell	2.8
BP	2.7
Lloyds Banking Group	2.5
NatWest Group	1.6
Cigna	1.4
iShares Physical Gold	1.4
Mitsubishi UFJ Financial Group	1.2
GlaxoSmithKline	1.2
Kinross Gold	1.2
Bristol-Myers Squibb	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.3
UK Treasury index-linked 1.875% 2022	5.1
UK Treasury index-linked 0.125% 2024	4.8
US Treasury 0.625% TIPS 2023	4.5
UK Treasury index-linked 0.125% 2065	4.1

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £641.5m Market capitalisation £676.9m Shares in issue 222,663,416

Company information

Annual management charge (no performance fee)	1.0%		
Ongoing Charges Ratio*	1.08%		
Ex dividend dates	March, October		
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 as at 30 June 2021

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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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Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 September 2021, assets managed by the group exceeded £23.2bn.