

# Ruffer Investment Company Limited

An alternative to alternative asset management



May 2023 Issue 216

Might discretion be the better part of valour? So far this year it seems not. Taking a cautious view on markets for the first five months of 2023 has proved a painful experience. The Company, with its focus on protection assets, is down 6.5% this year on a NAV total return basis, giving back much of what we made last year as markets tumbled.

Losing money for clients is always painful, but we have been here before. For more than a quarter of a century now, Ruffer has protected investors from every major market crisis. In order to achieve this, however, we have at times delivered dull or disappointing short-term performance. Losing money in 1999 in the tech bubble, flatlining in the easy markets of 2006-2007 and struggling in the run up to the covid crisis. Strikingly, each of our disappointing periods has come before a sharp decline in stock markets, as we focused portfolios more on protection than growth, albeit often seemingly too early. We have been willing to sit on the sidelines as we wait for the problems we have identified to manifest themselves, even if that means suffering the costs of holding protection with progressively less on the growth side of the ledger as an offset.

We are where we are for a reason. With a 5.25% risk free return available in US money market funds, cash has only been such an attractive alternative to equities twice this century: in 2000, during the tech bubble and in 2007, just before the financial crisis. Neither period ended well for investors, and we fear a similar outcome could be lying in wait for markets now. Even more worrying is what happened after these crises. In both 2000 and 2008 markets were immediately 'medicated' by dramatic interest rate cuts. Today, a similar rescue may be difficult. With inflation more persistent than promised, central bankers would have to choose between monetary stability (fighting inflation) or financial stability (supporting markets). Add into this worrying picture a TMT-like boom concentrated in just a few US stocks (year to date the unweighted S&P 500 is actually down in price terms).

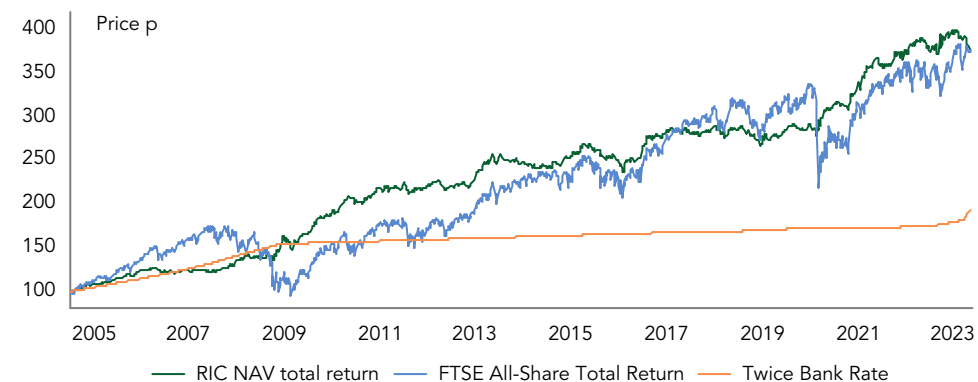
All of this points to an emphasis on protection rather than growth, though as ever we aim for an appropriate balance of 'fear' and 'greed' so as to make time our friend. We are confident our protection assets will more than prove their worth and whilst timing is always difficult, we would always choose being too early over being too late. This year, however, it has more been our focus on commodities for our growth exposure that has failed to offset the costs of holding protection.

For us, this certainly looks like a situation where 'discretion' should still prove to be the better part of 'valour'. Taking a cautious view so far this year has been painful, but we think the evidence suggests that caution may win out.

## 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 base rate. 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. Where appropriate, collective investment schemes will also be used to gain exposure to these assets.

## Performance since launch on 8 July 2004



Performance %	Net Asset Value	Share price	As at 31 May 2023	p
May 2023	-3.1	-6.8	<b>Share price</b>	<b>281.50</b>
Year to date	-6.5	-9.1	<b>Net Asset Value (NAV) per share</b>	<b>286.43</b>
1 year	-3.6	-11.8		%
3 years	20.6	18.7	Premium/discount to NAV	-1.7
5 years	30.9	26.6	NAV total return since inception <sup>2</sup>	275.3
10 years	48.2	40.8	Standard deviation <sup>3</sup>	1.86
			Maximum drawdown <sup>3</sup>	-8.62

All figures in the above table are calculated on a total return basis (including reinvestment of income). If monthly performance is quoted in the commentary, it may be calculated on a price return basis and differ from the information in this table.

<sup>2</sup>Including 46.4p of dividends <sup>3</sup>Monthly data (total return NAV)

12 month performance to March %	2019	2020	2021	2022	2023
RIC NAV total return	-0.6	4.3	22.7	9.8	1.4
FTSE All-Share Total Return	6.4	-18.5	26.7	13.0	2.9
Twice Bank Rate	1.3	1.4	0.2	0.4	4.7

Source: Ruffer LLP, FTSE International

The financial effects of the Company's formal equity fundraising in November 2021 were not accurately reflected in performance calculations, leading to past performance figures being understated by a non-material amount in the Company's interim, annual and monthly reports published between December 2021 and April 2023. The performance methodology has been updated to amend this error. The dividend paid by the Company on 7 March 2023 was erroneously omitted from monthly investment report performance calculations in March and April 2023, leading to past performance figures being understated by a non-material amount in those two reports. This has been rectified in this report.

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 31 May 2023

## Asset allocation



Asset allocation	%
Short-dated bonds	29.5
Illiquid strategies and options	15.7
Non-UK index-linked	11.1
Cash	7.1
Gold exposure and gold equities	6.5
Long-dated index-linked gilts	5.8
Commodity exposure	8.9
UK equities	6.3
North America equities	3.1
Europe equities	2.3
Japan equities	2.0
Asia ex-Japan equities	1.1
Other equities	0.5
Currency allocation	%
Sterling	69.5
Yen	15.6
US dollar	5.9
Australian dollar	4.2
Other	4.8

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Mitsubishi UFJ Financial Group	0.7
Taiwan Semiconductor Manufacturing Co	0.6
Ambev SA	0.5
Fujitsu	0.5
Sony	0.5
BP	0.5
Bayer AG	0.5
Alibaba Group ADR	0.4
Hipgnosis Songs Fund	0.4
Amazon	0.3

## 5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Oct 2024	4.0
US Treasury 0.625% TIPS 2026	4.0
US Treasury FRN 31 Jan 2024	4.0
US Treasury 0.125% TIPS 2052	3.5
Japanese govt bonds 0.005% 1 Jul 2024	3.4

\*Excludes holdings in Ruffer funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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NAV £1,098.5m Market capitalisation £1,079.6m Shares in issue 383,517,764

## 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	Apex Fund and Corporate Services (Guernsey) 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 2022

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## Fund Managers

### Duncan MacInnes

INVESTMENT DIRECTOR

Joined Ruffer in 2012. He graduated from the University of Glasgow School of Law in 2007 and spent four years working at Barclays in Glasgow, London and Singapore. He is a CFA charterholder and co-manager of two of Ruffer's flagship funds.



### Jasmine Yeo

INVESTMENT MANAGER

Joined Ruffer in 2017, having graduated with a degree from Warwick Business School. She is a member of the CISI, following completion of the CISI Masters in Wealth Management. She has managed private client portfolios and now works with wealth managers and advisors as part of Ruffer's UK wholesale team. She is co-manager of one of Ruffer's flagship funds.



## Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 April 2023, assets managed by the Ruffer Group exceeded £26.0bn.