

Ruffer Investment Company Limited

An alternative to alternative asset management



March 2022 Issue 202

During March, the net asset value of the Company rose by 1.7% after allowing for the dividend paid during the month. This compares with a rise of 1.3% in the FTSE All-Share index.

Operation Stable Door began in earnest during March as the Federal Reserve raised interest rates for the first time in four years to try to contain inflation running at a near-half century high of 7.9%. Government bond yields moved abruptly to price in the most aggressive interest rate hiking cycle since 1994. Global bonds have just endured their worst quarter ever despite war, pestilence (Covid disruption in China) and growing fears of a recession. So much for conventional bonds acting as a 'safe haven'. This should not come as a surprise to regular readers of this report, as we have written about the vulnerability of conventional bonds for some time.

What was the impact on the Company? We made positive returns in each of the first three months of this year as both equities and bonds ended up in negative territory. During March long-dated inflation-linked bonds ('linkers') fell in value as yields rose faster than inflation expectations, but our interest rate options – which profit from rising yields – more than offset this fall in value. Active duration management via derivatives continues to be essential to the Company's resilience in a rising yield environment. Long linkers remain a key holding for the world we are heading into and so this balance will be maintained.

While fixed income volatility hasn't been this high since the Great Financial Crisis, equity markets look increasingly complacent, with many recovering all losses since the start of the Ukraine War. We trimmed equity exposure to 36% reflecting greater uncertainty and profit taking in some equity derivative protections. Overall, equities were a positive contributor for the month, with energy stocks once again leading the charge.

Commodity markets continued to perform well with higher prices helping the Australian dollar, where we now have exposure of around 5%. In World War II, America was famously dubbed the 'great arsenal of democracy'. In the era ahead, Australia looks set to be the 'great arsenal of commodities' for western democratic states. On top of this, Australian pension funds may soon start to close their net short position in their domestic currency, adding a further kicker to the Aussie dollar. The allocation was funded from the US dollar.

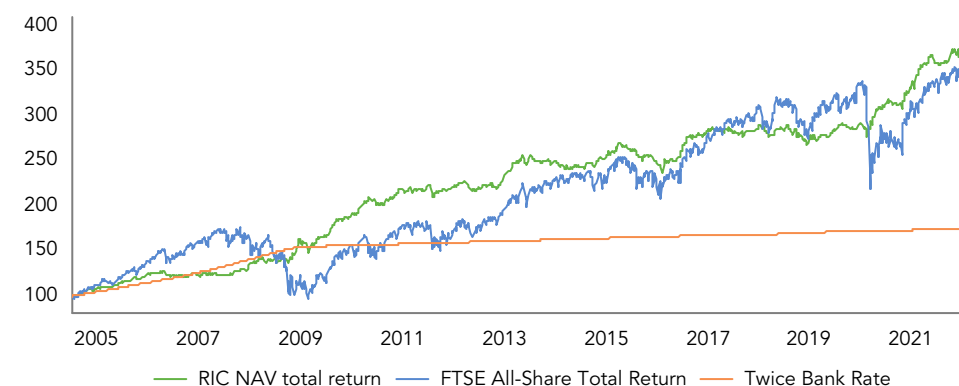
Finally, we added 2% to bullion exposure. Gold exposure and gold mining equities were the largest positive performance driver during the month. Total gold exposure now stands at close to 10%.

Near-term the path ahead remains highly uncertain – as ever, we aim to be resilient whatever happens. Longer-term, Covid and the Russia-Ukraine War mark successive great accelerations towards the more inflation-prone and volatile era ahead. We believe we have the right asset mix to deal with the challenges and capture the opportunities in this new regime.

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 March 2022	p
March 2022	1.7	0.2	Share price	305.00
Year to date	5.2	4.8	Net Asset Value (NAV) per share	301.21
1 year	9.2	9.2		%
3 years	39.8	45.2	Premium/discount to NAV	1.3
5 years	37.0	35.1	NAV total return since inception ²	288.8
10 years	70.8	68.5	Standard deviation ³	1.87
			Maximum drawdown ³	-8.62

Performance calculated on a total return basis (including reinvestment of income)
²Including 43.8p of dividends ³Monthly data (total return NAV)

12 month performance to March %	2018	2019	2020	2021	2022
RIC NAV total return	-1.4	-0.6	4.3	22.7	9.2
FTSE All-Share Total Return	1.2	6.4	-18.5	26.7	13.0
Twice Bank Rate	0.7	1.3	1.3	0.2	0.2

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 31 Mar 2022

Asset allocation



Asset allocation

Asset Allocation Category	%
Illiquid strategies and options	13.1
Long-dated index-linked gilts	10.8
Gold exposure and gold equities	10.4
Index-linked gilts	9.3
Cash	7.9
Non-UK index-linked	7.3
Short-dated bonds	5.0
UK equities	16.4
North America equities	7.5
Japan equities	6.3
Europe equities	5.3
Asia ex-Japan equities	0.2
Other equities	0.5

Currency allocation



Currency allocation

Currency Allocation Category	%
Sterling	65.4
US dollar	14.7
Yen	7.3
Australian dollar	5.1
Euro	0.5
Other	7.0

10 largest equity holdings*

Stock	% of fund
BP	3.1
Shell	1.6
Cigna	1.2
Bayer	1.1
Vodafone Group	1.0
Mitsubishi UFJ Financial Group	1.0
Bristol-Myers Squibb	1.0
ORIX Corporation	0.9
Chesapeake Energy	0.8
GlaxoSmithKline	0.8

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.6
UK Treasury index-linked 0.125% 2024	4.0
US Treasury 0.625% TIPS 2023	3.8
UK Treasury index-linked 1.875% 2022	3.3
UK Treasury index-linked 0.125% 2065	2.7

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £847.5m Market capitalisation £858.2m Shares in issue 281,375,637

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	Sanne Fund 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 31 December 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

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