

# Ruffer Investment Company Limited

An alternative to alternative asset management



September 2023 Issue 220

There was a growing sense through September that a combination of US economic resilience and higher oil prices would force the US Fed to keep interest rates higher for longer. The latest ‘dot plot’ of Federal Open Markets Committee board members’ expectations for interest rates over the coming few years, which the Fed uses to influence the market’s expectations of the level and path of future interest rates, seemed to confirm as much – suggesting for the first time that rates would stay above 5% for all of 2024. A persistently strong economy with a persistent inflation problem demands persistently high interest rates. Equity and bond markets had already started to roll over in anticipation, but the release of the dot plot on 20 September encouraged them both lower into month end.

That the fund largely sidestepped these falls was thanks to the large allocation to very short-dated UK and US government bonds, which carried positively even as longer-term interest rates rose. The fund’s position in oil and energy and related equities also made a positive contribution, benefitting from supply-side discipline from both OPEC and marginal US producers. It is our view recession risks are building, and oil will not be immune once the market downgrades demand expectations, so we took some profits.

On the other side of the ledger, the fund’s longer dated bond holdings, in US (TIPS) and UK inflation-linked bonds, were the biggest detractors from performance. Towards the end of the month, we decided to take advantage of these falls to add to US TIPS, allocating 5% of the fund’s capital to ten year bonds offering real yields of nearly 2.3%. This was partly funded by a sale of the small remainder of the fund’s gold bullion exposure. The latter has remained remarkably resilient in the face of persistently high US real rates, giving us an opportunity to switch the exposure into TIPS at what we deem very good relative value.

We also took advantage of the spurt of US dollar strength in September to reduce US dollar exposure in favour of further bolstering our yen position, which now makes up c20% of the fund. We continue to expect the yen to be one of the assets at the epicentre of an unwind of trades that have proved popular this year but that we deem unsustainable.

On the flip side of US dollar strength was sterling weakness, which also allowed us to exit the position in Australian government bonds on favourable terms. We remain cautious on sterling, but it has fallen hard and fast over the last couple of months and we don’t want a temporary reversal to hold back performance.

A darkening economic reality, combined with tight monetary policy in the UK and US and incrementally restrictive policy from the Bank of Japan, we think will ultimately cause a great, and quite possibly sudden, reversal of the market moves over the first eight months of 2023. When it comes, this should benefit the fund’s biggest positions, in UK and US inflation-linked bonds, and the yen. We may well look back on September 2023 as a turning point.

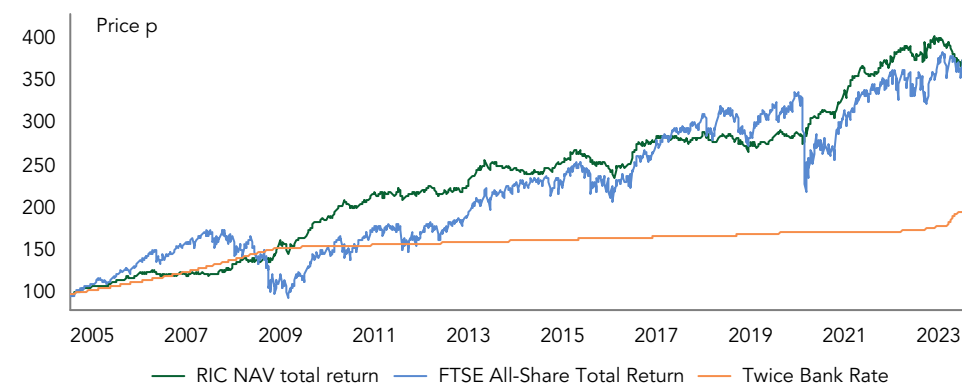
We are holding a meeting for shareholders on Tuesday 5 December at our London office. If you would like to attend please email [ruffer@ruffer.co.uk](mailto:ruffer@ruffer.co.uk)

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.

## 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 29 September 2023	p
September 2023	-0.5	0.0	<b>Share price</b>	<b>269.00</b>
Year to date	-8.2	-13.1	<b>Net Asset Value (NAV) per share</b>	<b>281.49</b>
1 year	-7.1	-5.8		%
3 years	17.6	15.0	Premium/discount to NAV	-4.4
5 years	29.3	22.3	NAV total return since inception <sup>2</sup>	265.9
10 years	48.0	36.8	Standard deviation <sup>3</sup>	1.85
			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 September %	2019	2020	2021	2022	2023
RIC NAV total return	1.6	8.2	15.4	9.7	-7.1
FTSE All-Share Total Return	2.7	-16.6	27.9	-4.0	13.8
Twice Bank Rate	1.5	0.8	0.2	1.6	13.2

Source: Ruffer LLP, FTSE International

# Ruffer Investment Company Limited as at 29 Sep 2023

## Asset allocation



Asset allocation	%
Short-dated bonds	36.0
Illiquid strategies and options	14.9
Non-UK index-linked	11.3
Long-dated index-linked gilts	6.2
Cash	5.4
Gold exposure and gold equities	2.5
Index-linked gilts	1.8
Commodity exposure	6.7
UK equities	6.6
North America equities	3.6
Europe equities	2.4
Asia ex-Japan equities	2.0
Other equities	0.5

Currency allocation	%
Sterling	68.4
Yen	19.5
US dollar	7.3
Euro	1.0
Australian dollar	0.5
Other	3.3

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Alibaba Group ADR	1.0
Taiwan Semiconductor Manufacturing Co	0.5
Ambev SA	0.5
BP	0.4
Bayer AG	0.4
Swire Pacific	0.4
Hipgnosis Songs Fund	0.4
Pioneer Natural Resources Company	0.3
Amazon	0.3
Taylor Maritime	0.3

## 5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Oct 2024	4.1
US Treasury FRN 31 Jul 2024	3.7
Japan government 0.005% Aug 2024	3.3
Japanese govt bonds 0.005% 1 Jul 2024	3.2
Japanese govt bonds 0.005% 1 Jun 2024	3.2

\*Excludes holdings in Ruffer funds | Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of RAIFM at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. RAIFM has not considered the suitability of this investment against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The portfolio data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in this product. 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).

This financial promotion is issued by Ruffer AIFM Limited (RAIFM), 80 Victoria Street, London SW1E 5JL. RAIFM is authorised and regulated by the Financial Conduct Authority. © RAIFM 2023

NAV £1,079.2m Market capitalisation £1,031.3m Shares in issue 383,367,764

## 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 2023

FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

## Enquiries

Ruffer AIFM Ltd +44 (0)20 7963 8218  
 80 Victoria Street rif@ruffer.co.uk  
 London SW1E 5JL [ruffer.co.uk](http://ruffer.co.uk)

## 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 31 August 2023, assets managed by the Ruffer Group exceeded £24.2bn.