

# Ruffer Investment Company Limited

An alternative to alternative asset management



November 2022 Issue 210

During November the net asset value of the company was up 1.8%. This compared to the FTSE All-Share TR which rose by 7.1%.

Following three consecutive negative quarters across almost all asset classes, the final quarter of 2022 is at last delivering some seasonal cheer for investors. November saw strong gains in both equities and bonds, though obviously not digital assets thanks to the collapse of FTX. This late burst of optimism is founded on the hope that inflation is finally peaking, though by now it clearly no longer warrants either the 'transitory' or 'temporary' labels. Evidence supporting the long-awaited peak in inflation arrived mid-month with US CPI below expectations and crucially lower than previous year on year readings. This sparked a sharp rally in both equities and bonds, as did US Federal Reserve Chair Powell's unexpectedly dovish speech on the very last day of the month. Investors may want to consider, however, whether such short-term volatility (one day gains for US equities of 5% and 3%) really constitutes a sound base for a sustained rally.

We have no argument with the idea that inflation (at least in the US) may have peaked and could fall quite sharply in coming months. Where we disagree with both central bank forecasts and market expectations is in their faith that inflation will return to target anytime soon. We think wage rises will make inflation stickier than predicted and see evidence for this in the strength of both US and UK private sector wage inflation, plus the depressing sight of increasing numbers of strikes here in the UK. This, plus concerns that markets currently underestimate the impact on corporate profits of a likely recession next year, has made us nervous of adding to equities. Instead, we added risk into portfolios through long-duration inflation linked bonds, principally in the US. These holdings performed strongly in the recent market rally.

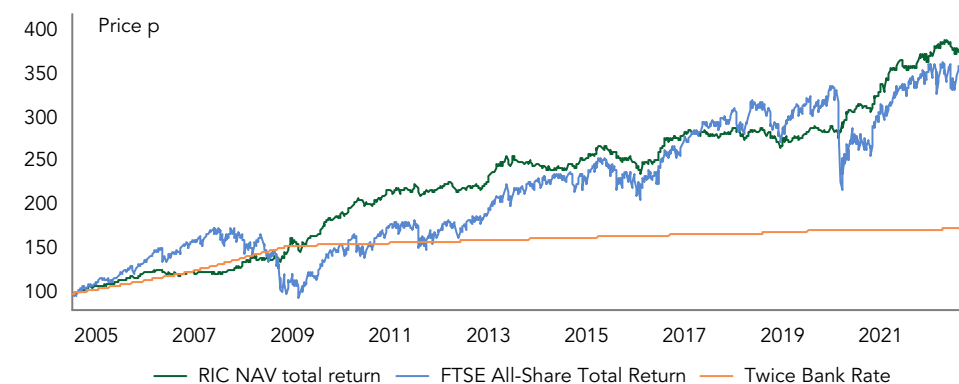
Ruffer aims to deliver 'all weather' returns whatever happens in financial markets, and we do this by holding a combination of fear (protection) and greed (growth) assets. Over the last 20 years this approach has delivered a positive correlation to stock markets when they are healthy, so we aim to harvest a proportion of equity gains in the good times. However, we have been negatively correlated to equities when times are more difficult, protecting investors in each of the major stock market crises of the last quarter century. This year has been no exception. Ruffer portfolios were negatively correlated to both equities and bonds as they fell sharply earlier in the year. Adjustments to the portfolio meant it was positively correlated to equities in November, as markets staged a recovery. Such 'perfect' shifts in correlation cannot be expected every month, but it is reassuring to see both sides of our investment approach in good working order.

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 30 November 2022	p
November 2022	1.8	0.6	<b>Share price</b>	<b>310.50</b>
Year to date	7.7	7.1	<b>Net Asset Value (NAV) per share</b>	<b>306.99</b>
1 year	7.9	6.0		%
3 years	39.1	45.9	Premium/discount to NAV	1.1
5 years	40.4	39.8	NAV total return since inception <sup>2</sup>	297.9
10 years	77.4	79.8	Standard deviation <sup>3</sup>	1.86
			Maximum drawdown <sup>3</sup>	-8.62

Monthly share price performance is calculated on a price return basis, during the months of March and September this will include dividend distributions. All other figures are calculated on a total return basis (including reinvestment of income)

<sup>2</sup>Including 45.0p of dividends <sup>3</sup>Monthly data (total return NAV)

12 month performance to September %	2018	2019	2020	2021	2022
RIC NAV total return	1.5	1.5	8.2	15.4	9.1
FTSE All-Share Total Return	5.9	2.7	-16.6	27.9	-4.0
Twice Bank Rate	1.0	1.4	0.8	0.1	0.8

Source: Ruffer LLP, FTSE International

# Ruffer Investment Company Limited as at 30 Nov 2022

## Asset allocation



Asset allocation	%
Short-dated bonds	22.1
Illiquid strategies and options	18.2
Cash	10.9
Non-UK index-linked	9.4
Index-linked gilts	8.5
Long-dated bonds	6.6
Long-dated index-linked gilts	6.4
Gold exposure and gold equities	4.0
Global funds	0.2
UK equities	6.9
North America equities	3.1
Europe equities	1.8
Japan equities	1.5
Asia ex-Japan equities	0.1
Other equities	0.2
Currency allocation	%
Sterling	65.0
US dollar	13.1
Yen	11.0
Australian dollar	6.2
Euro	1.7
Other	3.0

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
BP	1.7
Sony	0.4
Mitsubishi UFJ Financial Group	0.4
Shell	0.4
Unilever	0.4
Royal Vopak	0.4
Fujitsu	0.4
Meta Platforms	0.3
Trident Royalties	0.3
Haleon	0.3

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.5
US Treasury 0.125% TIPS 2052	5.5
US Treasury 0.625% TIPS 2023	5.0
US Treasury FRN 2024	4.8
US Treasury FRN 2023	3.3

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

NAV £1,095.2m Market capitalisation £1,112.4m Shares in issue 358,267,764

## 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	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

### Duncan MacInnes

FUND MANAGER

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

Graduated from Warwick Business School with a degree in international business with Spanish, and joined Ruffer's UK private client team in 2017. She became a member of the CISI in 2020, following completion of the Chartered Wealth Manager qualification. She is an investment specialist in Ruffer's UK Wholesale team, working closely with multi-family offices, wealth managers, financial planners and their clients.



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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 October 2022, assets managed by the group exceeded £25.1bn.