# *Ruffer Investment Company Limited*

Unaudited results announcement
for the year ended
30 June 2019

The following is an unaudited results announcement for the year to 30 June 2019, which was approved by the Board on 19 July 2019. The full audited Annual Financial Report for the year ended 30 June 2019 will be released on the London Stock Exchange in September 2019.

## Key performance indicators

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| Share price total return over 12 months* % | (5.7) | (1.0) |
| NAV total return over 12 months* % | (0.9) | 0.8 |
| (Discount)/premium of share price to NAV % | (4.0) | 0.9 |
| Dividends per share over 12 months | 1.8p | 1.8p |
| Annual dividend yield % | 0.8 | 0.8 |
| Annualised total return per share since launch % | 7.2 | 7.8 |

## Financial highlights

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| Share price (bid) | 216.00p | 231.00p |
| NAV† | £406,745,803 | £405,711,462 |
| Market capitalisation | £390,502,979 | £409,305,241 |
| Number of shares in issue | 180,788,416 | 177,188,416 |
| NAV per share at year end as reported to the LSE† | 224.98p | 228.97p |
| NAV per share at year end as calculated on an IFRS basis | 224.72p | 229.30p |

* Assumes re-investment of dividends.

† This is the NAV as released on the London Stock Exchange (LSE) on 30 June each year and may differ from the audited NAV shown in the full Annual Financial Report, which will be adjusted for year-end prices unavailable at the date of publication of the LSE NAV in order to comply with International Financial Reporting Standards (IFRS).

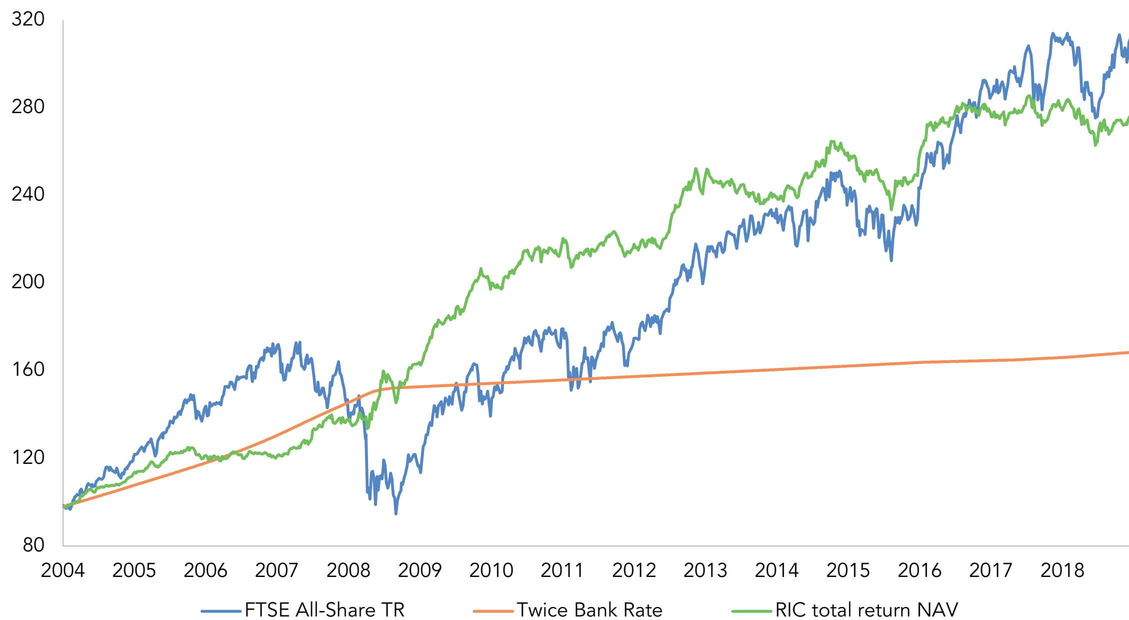
# *Chairman's review*

For the third year your Directors are releasing an abbreviated, unaudited financial report for the 12 months to 30 June 2019. We are committed to doing this to give our shareholders a more timely view of the highlights of the year rather than waiting until September when the fully audited Annual Report will be available.

## Performance

The Company's objective is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate. The Bank of England raised rates from 0.5% to 0.75% on 2 August 2018 and there they have stayed. The blended average rate for the 12-month period ended 30 June 2019 was therefore 0.73%, which gave the Company a target return of 1.46%. In the twelve months from 1 July 2018 to 30 June 2019, the net asset value (NAV) per share of the Company fell from 228.97p to 224.98p, a decline of 1.74%. Adding dividends of 1.8p paid during the period, this equates to a total return of -0.9%. There is no disguising the fact that this return is disappointing and it falls below the annualised return generated since the Company was launched in 2004 of 7.2%. By way of context, the FTSE All-Share Total Return index rose by 0.6% over the year. Since launch, the NAV of the Company has risen by 183.0% including dividends, compared with a rise of 71.8% in the target return and 218.1% in the FTSE All-Share Total Return index. However, the Company has achieved this with much less volatility.

Your Directors believe that a steady approach to managing your assets with a view to preserving capital through the cycle is what you expect, rather than a high-octane style which courts disappointment when markets turn down. Whilst we accept that there is a price to be paid




Source: Ruffer LLP, data to 30 June 2019

for holding assets, in our case option protection and the illiquid strategy funds, which are designed to protect against the downside, akin to buying insurance, we also endeavour to make money overall from the 'greed' element of the portfolio when markets are buoyant. That our Investment Manager failed to do this over the twelve month period is not wholly surprising given that the 'greed' side of the portfolio was invested in cyclical, developed-world equities which remained out of favour even after the ructions of Q4 2019 and in the subsequent recovery in the first half of this year.

The major threats seem to me to be the extraordinary fact that rather over US$13 trillion worth of government and corporate bonds are now in negative yield territory coupled with many open-ended investment funds promising daily liquidity in seemingly unlimited size whilst only a fraction of their underlying investments are capable of being traded on a daily basis. I commented some years ago that it was a scandal that property investments, highly illiquid by their very nature, should be held in open ended funds – the 'gating' of many property funds does not seem to have brought about any changes from the regulators as to the how these funds are managed and marketed. Recent developments in the UK, where a previously highly regarded 'star' manager lost his lustre, have shown the folly of placing illiquid investments in open-ended structures. The natural home for such investments is closed-ended vehicles. This Company does have some illiquid investments since such instruments are vital to providing the protection we seek in the event of market dislocations. The key differences are that the company's illiquid assets are structured correctly, held only by Ruffer clients and should benefit from improved liquidity in a dislocation.

## Earnings and dividends

Earnings for the year were +2.16p per share (2018: +1.83p per share) on the revenue account and -4.92p per share (2018: +0.35p per share) on the capital account. Earnings from the revenue account remain depressed owing to the heavy weighting in index-linked securities, illiquid strategy funds, options, gold and gold equities, most of which yield next to nothing. At present, it looks as if a total annual dividend of at least 1.8p per share should be sustainable, but the Directors will not hesitate to cut the dividend again should this prove necessary. Rest assured that we will not draw on capital to maintain the dividend. We consider such an approach to be in direct conflict with the Company's capital preservation objective. As far as setting the dividend is concerned, the Directors aim to give the Investment Manager maximum flexibility to follow whichever course will lead to the best results for our shareholders. We regard income as a by-product of the investment process and not a target.

## Board succession planning

As heralded at the Interim stage, I shall be remaining as Chairman until the AGM in December 2020, at which point I shall have served as a Director of your Company for

almost twelve years. The Financial Reporting Council has stated that if the Chairman serves beyond the nine year point then the Board should disclose its policy on the tenure of the Chairman. Your board has concluded that a Director of the Company, who subsequently becomes Chairman, should serve for no more than a total of 12 years. John Baldwin, having joined the Board in February 2011, will be stepping down as a Director in June 2020. The Nominations Committee has interviewed three head-hunting firms and has recently appointed a full-service firm to conduct a concurrent search for two new non-executive Directors, whom it is anticipated will start in Q2 and Q3 2020. Your Directors are ever cognisant of the need to balance gender and other attributes, including the requirement to appoint other than UK residents for this Company, which is Guernsey-domiciled.

## Responsible investing

During the Directors' visit to Ruffer's office in London on 25 June 2019, as part of our annual 'kick the tyres' session with the Manager, we met the Responsible Investment team and were greatly reassured at the proactivity the Manager is showing in engaging with the companies in which we are invested. Environmental, social and governance (ESG) analysis is an integral part of the research process in the belief that good practice in these areas is likely to result in good corporate performance, which in turn will result in better returns for shareholders over the long term. We also specifically discussed how the Manager is engaging with companies in relation to climate change. Full details are available on the website, but it is worth specifically noting that the Manager votes on all voting shares held by the Company and that they disclose details of their voting and engagement activities within their annual ESG report.

## Annual general meeting

The AGM of the Company will be held at 12 noon on 5 December 2019 at the Company's registered offices at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA.

## Share issuance

Since 30 June 2018, the Company has issued 3,600,000 new shares at a premium to net asset value (NAV) which benefits existing holders and helps keep the premium modest. Since Q4 last year the Company has slid to a small discount, making any further such issuance impossible since we will not allow issuance at a discount. As has been stated before, your Directors are keen to get the market capitalisation of this Company to £500 million+ in order to make it accessible to even the largest wealth managers, who typically find it difficult to find market liquidity in investment companies unless they are capitalised at north of £400 million. We aim to achieve this goal through a mixture of performance and share issuance at a premium to NAV. It is disappointing but understandable that, after many years of trading at a premium, the Company should find its share price at a discount to NAV.

## Share buyback authority

The authority to buy back shares, which was granted to the Directors at the AGM in November 2018, has not been invoked over the period of this report. We came very close to triggering it on a couple of occasions, but our broker was trying to find shares for a buyer and we judged it sensible to let market forces take their course. Nevertheless, the Board has resolved to seek, at the AGM on 5 December 2019, a renewal of its authority to buy back shares at a discount to NAV per share under the terms to be stated in a Special Resolution. The eagle-eyed amongst you will notice that Canaccord Genuity is no longer our broker, but that we are now being looked after by Investec, who successfully employed the entire broking team from Canaccord when their parent decided to extricate themselves from the UK investment company business.

## Share redemption facility

The Company has a Redemption Facility operable in November each year. Given the fact that the Company has been trading close to its NAV for most of the year under report, and that it is currently trading at a 4% discount to NAV the Board is unlikely to offer this facility in November 2019.

## Ruffer LLP

In previous reports, I have devoted some time to describing the unique culture at Ruffer and, despite two years of dull returns, as far as I can judge, morale remains resolutely high. As at 30 June 2019 assets managed by Ruffer exceeded £21 billion, down from just over £22 billion twelve months earlier. The firm's defensive posture, wholly uncorrelated returns and refusal to act as an 'index hugger' is still appreciated as a diversifying asset within client portfolios. Jonathan Ruffer remains intimately involved in both the strategic direction of Ruffer LLP and the research process. In fact, he has recently rebalanced his time commitments slightly, spending less time on his philanthropic activity in Bishop Auckland. His guiding touch remains a tangible benefit to the firm which he founded 25 years ago.

## Outlook

Ten years have passed since the last major crisis. There are signs, discussed in the Investment Manager's report, that we are nearing the end of this bull market which has swept most asset classes along with it, and your Directors remain confident that the Company is well-positioned to preserve investors' buying power through the next crisis and beyond. Markets remain addicted to low interest rates, which stand close to multi-century lows and any attempt to raise rates results in markets selling off. The u-turn executed by the US Federal Reserve in January this year gave new legs to the bull market but compromised central bank credibility. There are many challenges ahead but this Company is managed with the aim of preserving capital. Our portfolio is structured both to protect and to grow our assets under the scenarios which we believe are most likely to occur.

Ashe Windham, 19 July 2019

# Investment Manager's report

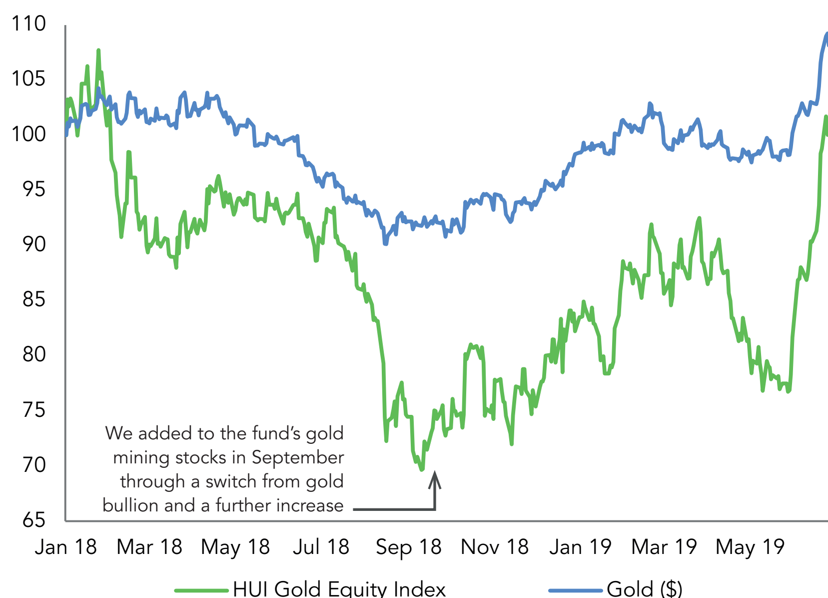
## Performance review

The chairman's review has already provided the headline numbers. Despite performance picking up in the first six months of 2019, the Company posted a net asset value loss of 0.9% after adjusting for dividends in the 12 months to June 2019. This is a failure to meet our primary investment objective and we share the frustration of our shareholders. However, it is our strong belief that events are moving in a direction which will ultimately prove to be rewarding for those invested in the Company.

Over the period, our unconventional protective assets were again a dragging anchor on performance. The credit protection in the Ruffer Illiquid Multi Strategies Fund 2015 cost the portfolio (-170bps). Yet this fund rose 30% in the fourth quarter of 2018 as markets sold off, giving us comfort that it will protect us when needed. Option protection, mostly against a fall in equities, was the other big detractor (-190bps). We do not bear these costs lightly – our performance would be much better without them – but they are necessary in an environment where conventional protections cannot be relied on.

On the positive side of the ledger, inflation-linked bonds delivered strong returns (+230bps) despite inflation expectations remaining largely steady. This is one of the benefits of index-linked bonds; they can rise in value in both inflationary and disinflationary times because they react to changes in real interest rates rather than being a binary bet on inflation rising. We also made money in US inflation-linked bonds – increasing the duration of our holdings in November, then taking profits in March.

Gold helped. Our move to increase gold exposure via equities in September proved profitable and well-timed. It was shortly followed by a spurt of mergers, which catalysed the sector to re-rate at the same time as the gold price was perking up. Gold and gold equities added 175bps to performance.




Source: Bloomberg, data to 30 June 2019

Equities have had a choppy twelve months: the FTSE All-Share TR was flat but with significant volatility during the year. Overall, equities cost the portfolio (-80bps). Within this there were some notable successes and one notable mistake.

Our mistake was that even though by mid-2018 the portfolio had a low equity weighting, it was biased towards value, oil, cyclicality and economic sensitivity. Our rationale was that if markets and the economy remained strong then this part of the portfolio would need to fight hard for us. By contrast, if markets fell, we thought the most popular and crowded trades would suffer more than the cheap and unloved companies we owned. This assumption proved to be wrong – when the market fell our cyclical stocks fell by at least as much as the market as a whole.

On a brighter note, some of the Company's largest holdings performed well – Walt Disney (+35%, +73bps), Vivendi (+17%, +31bps) and Ocado (+13%, +17bps).

## Activity

For most of 2018, for the first time in a few years, it seemed like central bankers might do as they had been saying they were going to do – raise rates in the near future. As the market came to price this in, US inflation-linked bonds (TIPS) offered a rare positive real yield in arguably one of the safest assets in the world. We added 10% to these assets in November. As global bond yields dived lower in 2019 we took profits on this trade to reduce the portfolio's duration.



The dominant currency remains sterling (77%). Not only is it the Company's base currency (and we would therefore be adding risk by leaving overseas currency exposure unhedged) but it also offers fundamental value on a long term basis. Among other currencies, we have been actively reducing exposure to the US dollar in recent months. Given the *volte face* of the Federal Reserve, narrowing interest rate differentials and the uncertainty of trade wars, it appears to us less obvious that the dollar will function as a safe haven. We have maintained a larger weighting in the yen (8%) – towards the end of the period with additional exposure through the option book – and this has performed well to date.

The portfolio has benefited from takeovers during the period. NTT Urban was bid for at a 30% premium to the market price, this alone added 0.3% to NAV and highlighted some of the value on offer in Japanese equities. We engaged profitably in merger arbitrage around large deals in the US via Anadarko Petroleum and Celgene.

Beady eyed shareholders may have noted that Japan is no longer our largest equity allocation and that, for the first time since December 2008, there are no Japanese financials in our top 10 equity positions. We remain optimistic on the prospects for the Japanese market, the latency of structural reform and corporate change as expressed via Sony, Bandai Namco and Nomura Real Estate. Despite this we sold down Japanese financials during the period. These stocks were

held as an offset to the duration in US TIPS – as these were reduced the financials were no longer needed.

At the period end the Company had around 40% in equities, spread across a mix of value stocks, special situations and cyclicals.

## Investment outlook

Jeremy Stein, a former Federal Reserve governor, astutely observed that monetary policy, while a blunt instrument, was the most effective policy tool because 'it gets in all the cracks'. What he meant by this was that interest rates are the fulcrum from which all economic and market activities take their lead. Because higher interest rates have a broad but blunt impact in tightening financial conditions and curbing risk-taking, policy makers don't necessarily need to have spotted the exact root cause of the next problem. Targeted, narrow macroprudential or fiscal policies often have a sort of whack-a-mole nature to them – you may squash one problem, but up pops another.

The trouble is that after a decade of zero interest rates and five years of negative interest rates in Europe and Japan the economy and market are utterly incapable of tolerating higher interest rates. Twice in 2018 markets reacted badly to the prospect of higher rates before the pivot from Jerome Powell, chairman of the US Federal Reserve, caused expectations for interest rates globally to crash lower again. By the period end almost 20% of total debt outstanding globally stood at negative yields – at the latest estimate worth some US$13 trillion, as noted in the chairman's statement. Investors must never forget how extraordinary and unprecedented this backdrop is. Interest rates are the price of money and this price has been grotesquely distorted for a long period of time. This will have consequences, seen and unseen.

As un-benchmarked, multi-asset investors we are entrusted by our shareholders to take risk on their behalf and to make an assessment as to the quantum of that risk. Today, as every day, we scan the landscape and must make a judgement as to whether or not the environment will be rewarding. We see a litany of risks investors must overcome: we split them broadly into market risks and economic risks.

## Market risks

### Investor exuberance

There are pockets of froth in areas such as cryptocurrency, unicorns, cannabis stocks, and a belief that companies can thrive without profits indefinitely. One striking difference in investor psychology at market tops and bottoms is the willingness to believe. At the bottom no assumption is pessimistic enough. At the top there is a suspension of disbelief: even the most optimistic plans seem credible, fuelled by the 'free money' effect of low interest rates. Investors are being asked to use their imagination as to what these companies might one day become – but pay up now.

### Valuations

Depending on which metric one uses, valuations are between average and extremely high. Forward P/E or the earnings/bond yield

spread make the market plausibly valued but embed an assumption of current levels of profitability and near record profit margins. Longer term metrics, which have been highly predictive of future returns until this cycle, are flashing red – Q ratio, market cap/GDP, cyclically adjusted P/E. The ten year CAPE will soon not have a recession in the data which somewhat defeats the point.

### Homogeneity

So many portfolios look the same. Investors are crowded into the things that have worked – US over Europe, growth, FAANG, quality franchises. Going deeper, a wave of mergers has led to an agglomeration into fewer, larger asset managers with institutional investment processes which look similar. Portfolios are often analysed using the same software, the same risk metrics catering to the same investor parameters. This has led to a startling degree of homogeneity and a flywheel of self-reinforcing behaviours. Investors are not as diversified as they think they are.

### Technical factors

There is a glut of technical factors which make the market structure avalanche prone and these are having distorting effects. The rise of passive investment means more capital is allocated in an unthinking manner than ever before. Volatility embodies Goodhart's Law, 'when a measure becomes a target, it ceases to be a good measure'. Trillions of dollars under a variety of investment strategies use volatility as a barometer of when they should take risk. This leads to pro-cyclical buying when volatility is low and selling when volatility spikes.

Machines now dominate trading in the most liquid markets. One consequence is that these algorithms engage and disengage from markets based on similar signals thereby increasing the risk of an instant plunge lower in prices at a point of stress. Traditional market making by humans, often the provider of emergency liquidity, is disappearing due to costs, regulation and bank capital requirements.

Liquidity mismatches have recently made headlines. The dirty secret of the US$10 trillion corporate bond market is a lack of liquidity in the underlying securities. Worryingly, a large percentage of the assets are held in daily dealing mutual funds or exchange-traded funds (ETFs). In a world of compressed risk premiums, many investors have moved to private and venture equity to capture the illiquidity premium. Our concern is that when the music stops there will be no buyers for these assets at prevailing prices, markets will gap down and funds will be gated.

## Economic risks

### The economic cycle

The US is now in its longest economic expansion in history. The arguments that we will not have another recession due to lower volatility in the components of GDP are becoming more credible: bulls highlight Australia, which has not had a recession in 29 years. We see no reason to believe that policymakers have found an elixir to extend the cycle indefinitely.

### Debt levels

Despite ten years of uninterrupted growth since the financial crisis the root cause of that calamity remains; too much debt relative to the size of the economy. Actually, it is worse: the global economy is suffocated by debt and enslaved by unfunded liabilities in terms of pensions and government promises. Only lower and lower interest costs are allowing this debt mountain to be serviced. This is the reason for our belief in the most likely end-game being an inflationary one.

### Monetary policy impotence

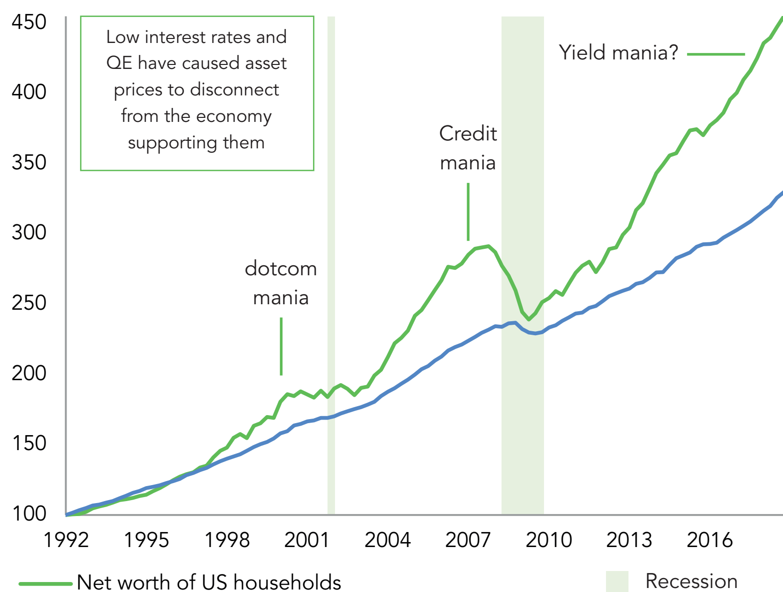
If the Federal Reserve cuts rates in July it will likely confirm that monetary policy has lost economic potency in the developed world. Policy makers will have fewer tools to manage the economy or fight the next recession. More radical, experimental policies like modern monetary theory or people's quantitative easing (QE) will hit the mainstream.

### The widening gyre

Within developed world countries (notably ex-Japan) there has been a fissure between the political left and right, the young and old and the rich and the poor. The benefits of the 'fixes' to the global financial crisis in zero interest rates and quantitative easing have accrued overwhelmingly to the rich.

Another way to look at this chart is that the green line represents asset owners and the blue line represents the working person whose only asset is their labour. Through this prism it is clear that in this cycle labour has suffered to the benefit of capital. No wonder people are angry. This divergence is a fundamental cause of many of today's societal schisms – inequality, Brexit, Trump and European populism. Closing the gap would be painful for those who have recently done so well.

Net worth of US households (stocks, bonds, real-estate) against that of aggregate income (GDP). Growth index (31 Dec 1991 = 100)




Source: TCA and Bloomberg, data to 30 June 2019

### Geopolitics

For the last 40 years it has broadly made sense for investors to

ignore geopolitics. Occasionally events offered opportunities but mostly the rising tide of globalisation has lifted all boats. This trend appears to have stalled and nations are looking inward. Several decades of global co-operation is morphing into more competitive games – exemplified by the disputes around Brexit and US/China trade. This is what happens when the pie stops growing as quickly – players start squabbling over how to slice it.

## Conclusion and portfolio overview

In summary, the world is striking in its precarious balance of risks and yet financial markets are priced for a rosy outcome. The economic cycle may be on borrowed time. It is hard to reconcile stocks at all-time highs with bond yields forecasting secular stagnation or recession. How do we reflect the smorgasbord of threats and opportunities into a portfolio designed to deliver consistent positive returns in all weather? Our efforts are focused first on trying to keep investors' capital safe and second on growing their investments.

As it stands today, think of the Ruffer portfolio as a three-legged stool with each leg necessary to support the whole and to protect against a particular scenario.

Inflation-linked bonds and gold – a structural position in the portfolio. Our conviction is that the solution to the problem of too much debt and too little growth will ultimately be an inflationary one. Since 2009 we have tripled our money in the long-dated UK gilts with the real inflationary fireworks yet to happen. Inflation may arise by economic growth or by a monetary mistake, but if the genie gets out of the bottle, the burden of debt prevents rate rises and inflation could become untethered. This environment of negative real yields and financial repression is perfect for inflation-linked bonds.

Unconventional protections – options and the credit protection in the Ruffer Illiquid Multi Strategies Fund serve to protect against a significant market dislocation. In particular, the Company owns protection against a rise in volatility and a rise in corporate borrowing costs. Like insurance, these investments cost money and thus are uncomfortable to hold, but they typically behave like 'anti-assets' offering negative correlations during periods of distress such as February and December 2018. This leg of the stool will save our bacon in the next bear market.

Global equities – we always seek to hold a balance of growth and protective assets in the portfolio. Markets may be fragile and overvalued but there are always opportunities and great companies for analysts with sharp minds to find. We retain a 40% weighting to stocks because it is imperative to capture that growth and because we accept the economic and market cycle can keep rumbling on. There is the potential within our equity book to make a lot of money.

Ruffer AIFM Limited, 19 July 2019

# *Portfolio statement*



| As at 30 June 2019 | Currency | Holding at 30 Jun 19 | Fair value £ | % of total net assets |
|---|---|---|---|---|
| **Government index-linked bonds 39.00%** | | | | |
| (30 June 2018 – 31.17%) | | | | |
| United Kingdom | | | | |
| UK index-linked gilt 1.875% 2022 | GBP | 1,500,000 | 2,444,348 | 0.60 |
| UK index-linked gilt 1.250% 2055 | GBP | 600,000 | 2,306,822 | 0.57 |
| UK index-linked gilt 0.375% 2062 | GBP | 8,700,000 | 24,968,422 | 6.15 |
| UK index-linked gilt 0.125% 2068 | GBP | 9,700,000 | 27,842,151 | 6.85 |
| | | | 57,561,743 | 14.17 |
| United States | | | | |
| US Treasury bond 1.375% 2019 | USD | 14,974,000 | 11,770,770 | 2.90 |
| US Treasury bond 1.75% 2019 | USD | 15,631,000 | 12,292,515 | 3.03 |
| US Treasury bond 2.000% 2020 | USD | 15,003,000 | 11,813,415 | 2.91 |
| US Treasury bond 2.25% 2020 | USD | 11,368,000 | 8,968,342 | 2.21 |
| US Treasury bond 0.125% 2020 | USD | 5,234,000 | 4,448,577 | 1.09 |
| US Treasury bond 2.50% 2020 | USD | 7,105,000 | 5,621,172 | 1.38 |
| US Treasury inflation indexed bond 1.25% 2020 | USD | 12,090,000 | 11,222,291 | 2.76 |
| US Treasury inflation indexed bond 1.125% 2021 | USD | 10,000,000 | 9,266,929 | 2.28 |
| US Treasury inflation indexed bond 0.625% 2021 | USD | 19,350,000 | 17,383,731 | 4.28 |
| | | | 92,787,742 | 22.84 |
| Japan | | | | |
| Japanese government 0.10% index-linked 2026 | JPY | 350,000,000 | 2,694,704 | 0.66 |
| Japanese government 0.10% index-linked 2027 | JPY | 350,000,000 | 2,714,744 | 0.67 |
| Japanese government 0.10% index-linked 2028 | JPY | 350,000,000 | 2,693,567 | 0.66 |
| | | | 8,103,015 | 1.99 |
| Total government index-linked bonds | | | 158,452,500 | 39.00 |
| **Equities 40.09%** | | | | |
| (30 June 2018 – 40.80%) | | | | |
| **Europe** | | | | |
| France | | | | |
| Vivendi | EUR | 375,000 | 8,127,351 | 2.00 |
| | | | 8,127,351 | 2.00 |

| As at 30 June 2019 | Currency | Holding at 30 Jun 19 | Fair value £ | % of total net assets |
|---|---|---|---|---|
| **Netherlands** | | | | |
| Arcelormittal | EUR | 365,000 | 5,143,865 | 1.27 |
| | | | 5,143,865 | 1.27 |
| **Norway** | | | | |
| Yara International | NOK | 58,000 | 2,215,817 | 0.55 |
| | | | 2,215,817 | 0.55 |
| **United Kingdom** | | | | |
| Belvoir Lettings | GBP | 1,065,295 | 1,193,130 | 0.29 |
| Better Capital (2012) | GBP | 3,088,700 | 277,983 | 0.07 |
| Better Capital (2009) | GBP | 294,641 | 138,481 | 0.03 |
| Countryside Properties | GBP | 724,340 | 2,161,431 | 0.53 |
| Dixons Carphone | GBP | 1,210,626 | 1,325,030 | 0.33 |
| Grit Real Estate Income Group | USD | 1,626,850 | 1,755,501 | 0.43 |
| Hipgnosis Songs Fund Limited | GBP | 1,936,049 | 2,013,491 | 0.50 |
| Imperial Brands plc | GBP | 87,457 | 1,615,156 | 0.40 |
| Lloyds Banking Group | GBP | 3,000,000 | 1,697,700 | 0.42 |
| Ocado Group | GBP | 430,000 | 5,015,950 | 1.23 |
| PRS Real Estate Investment Trust | GBP | 1,141,100 | 1,061,223 | 0.26 |
| Renn Universal Growth Trust | GBP | 937,500 | 1,593,750 | 0.39 |
| Ruffer SICAV UK Mid and Smaller Companies Fund* | GBP | 27,973 | 5,941,157 | 1.46 |
| Secure Trust Bank | GBP | 58,345 | 822,665 | 0.20 |
| Sophos Group | GBP | 400,000 | 1,578,400 | 0.39 |
| Supermarket Real Estate Investment Trust | GBP | 689,907 | 717,503 | 0.18 |
| System1 Group | GBP | 381,100 | 838,420 | 0.21 |
| Tesco | GBP | 4,100,000 | 9,290,600 | 2.29 |
| Tufton Oceanic Assets | GBP | 2,348,347 | 1,812,681 | 0.45 |
| Van Elle | GBP | 1,525,573 | 823,809 | 0.20 |
| Whitbread plc | GBP | 42,000 | 1,942,500 | 0.48 |
| | | | 43,592,224 | 10.74 |
| Total European equities | | | 59,079,257 | 14.56 |

| As at 30 June 2019 | Currency | Holding at 30 Jun 19 | Fair value £ | % of total net assets |
|---|---|---|---|---|
| **United States** | | | | |
| Activision Blizzard Inc | USD | 53,500 | 1,988,973 | 0.49 |
| Amgen Inc | USD | 16,000 | 2,321,739 | 0.57 |
| Celgene Corp | USD | 65,000 | 4,732,160 | 1.16 |
| Cigna Corp | USD | 38,000 | 4,716,178 | 1.16 |
| Cleveland-Cliffs | USD | 520,000 | 4,370,195 | 1.08 |
| DuPont De Nemours Inc | USD | 31,000 | 1,832,018 | 0.45 |
| Ensco Rowan plc | GBP | 164,500 | 1,103,923 | 0.27 |
| Exxon Mobil | USD | 90,000 | 5,430,766 | 1.34 |
| Foot Locker Inc | USD | 86,000 | 2,839,572 | 0.70 |
| General Motors | USD | 162,000 | 4,916,399 | 1.21 |
| Jefferies Financial Group | USD | 180,000 | 2,723,535 | 0.67 |
| McKesson | USD | 38,000 | 4,020,589 | 0.99 |
| National Oilwell Varco | USD | 148,000 | 2,590,233 | 0.64 |
| Synchrony Financial | USD | 100,000 | 2,727,631 | 0.67 |
| Walt Disney | USD | 110,000 | 12,101,213 | 2.98 |
| Total United States equities | | | 58,415,124 | 14.38 |
| **Asia** | | | | |
| China | | | | |
| Swire Pacific Ltd | HKD | 170,000 | 1,643,857 | 0.40 |
| | | | 1,643,857 | 0.40 |
| Japan | | | | |
| Bandai Namco Holdings | JPY | 130,000 | 4,956,034 | 1.22 |
| LF Ruffer Japanese Fund* | GBP | 3,126,850 | 8,214,234 | 2.02 |
| Hoya Corp | JPY | 50,000 | 3,012,255 | 0.74 |
| Mitsubishi Electric | JPY | 179,900 | 1,862,407 | 0.46 |
| Mitsubishi UFJ Financial Group | JPY | 1,200,000 | 4,478,397 | 1.10 |
| Nomura Real Estate Holdings | JPY | 245,000 | 4,140,472 | 1.02 |
| Resona Holdings | JPY | 550,000 | 1,800,743 | 0.44 |
| Sony | JPY | 140,000 | 5,768,748 | 1.42 |
| Sumitomo Mitsui Financial Group | JPY | 170,000 | 4,720,429 | 1.16 |

| As at 30 June 2019 | Currency | Holding at 30 Jun 19 | Fair value £ | % of total net assets |
|---|---|---|---|---|
| Tokio Marine Holdings Limited | JPY | 50,000 | 1,969,706 | 0.48 |
| T&D Holdings | JPY | 330,000 | 2,813,787 | 0.69 |
| | | | 43,737,212 | 10.75 |
| Total Asian equities | | | 45,381,069 | 11.15 |
| Total equities | | | 162,875,450 | 40.09 |
| **Global investment funds 8.03%** | | | | |
| (30 June 2018 – 6.18%) | | | | |
| Herald Worldwide Fund | GBP | 28,000 | 1,702,680 | 0.42 |
| Ruffer Illiquid Multi Strategies Fund 2015* | GBP | 55,461,992 | 29,207,227 | 7.19 |
| Weiss Korea Opportunity Fund | GBP | 1,100,000 | 1,716,000 | 0.42 |
| | | | 32,625,907 | 8.03 |
| Total global investment funds | | | 32,625,907 | 8.03 |
| **Gold and gold mining equities 7.73%** | | | | |
| (30 June 2018 – 5.08%) | | | | |
| Barrick Gold | USD | 163,323 | 2,027,387 | 0.50 |
| Ishares Physical Gold | USD | 100,000 | 2,178,442 | 0.54 |
| LF Ruffer Gold Fund* | GBP | 13,200,000 | 24,760,560 | 6.09 |
| Newmont Goldcorp Corporation | USD | 33,000 | 999,409 | 0.25 |
| Wheaton Precious Metals | CAD | 75,000 | 1,423,736 | 0.35 |
| | | | 31,389,534 | 7.73 |
| Total gold and gold mining equities | | | 31,389,534 | 7.73 |
| **Options 1.20%** | | | | |
| (30 June 2018 – 1.36%) | | | | |
| Ruffer Protection Strategies International* | GBP | 2,633,723 | 4,874,494 | 1.20 |
| | | | 4,874,494 | 1.20 |
| Total options | | | 4,874,494 | 1.20 |
| **Total financial assets at fair value through profit or loss** | | | 390,217,885 | 96.05 |

These fair values are based on information available at the time of publication and may differ from the fair values shown in the full Annual Financial Report, which will comply with International Financial Reporting Standards (IFRS).

* Ruffer Protection Strategies International and Ruffer Illiquid Multi Strategies Fund 2015 Ltd are classed as related parties as they share the same Investment Manager (Ruffer AIFM Limited) as the Company. LF Ruffer Gold Fund, LF Ruffer Japanese Fund and Ruffer SICAV UK Mid and Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.