

Ruffer Investment Company Limited

An alternative to alternative asset management



September 2020 Issue 184

During September, the net asset value of the Company fell by 0.3% (after allowing for the dividend of 0.95p declared on 10 September). This compares with a fall of 1.7% in the FTSE All-Share Index.

As is often the case, September heralded a distinct change in tone in markets. Global equities registered only their second negative month since March, but our offsets worked as we hoped. Index-linked bonds and foreign currency exposure more than countered the fall in equities. The reversal in markets was triggered by a number of risks that have been bubbling under the surface yet were ignored during the frothy days of August. The US Congress remains at an impasse in negotiations on further stimulus and partisan issues moved up the agenda with the presidential election now in plain sight. In Europe covid cases are increasing again, while Brexit brinkmanship has returned with a vengeance. If the Brexit discourse is a re-run of last year and a deal can be agreed, our domestic UK stocks will do well (as will sterling) at a time when index-linked gilts may be under pressure – another example of trying to be not wrong rather than precisely right.

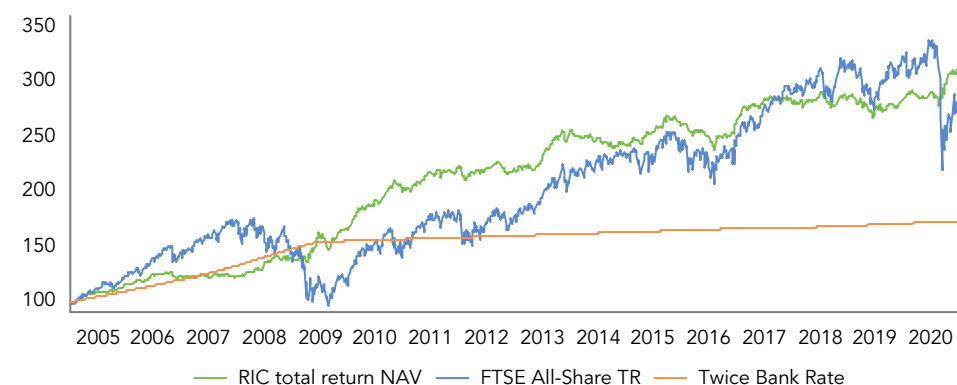
Japan stuck out in September not just because it was one of the few equity markets that registered a positive return but because it did so at a time of political change. The relatively seamless transition from Shinzo Abe to Yoshihide Suga, formerly his chief cabinet secretary, was in stark contrast to the political ructions elsewhere. We have written previously how rock solid balance sheets and high cash balances in Japanese companies have meant that they are ideally placed to ride through the events of this year. Compare this with the dividend cuts and capital raising seen closer to home. Suga has vowed to re-energise the third arrow of Abenomics: structural reforms. While this may not be shock and awe for investors, the effects may be meaningful. The announcement to speed up the digitisation of Japan's economy through a new Digital Ministry boosted some of the core Japanese holdings. Fujitsu and NEC (a recent purchase) will both benefit from an increase in IT spending and have performed well recently. Japanese equities remain an important part of the portfolio and make up a significant part of our equity exposure.

Taking stock three quarters of the way through the year, the investment strategy has delivered thus far – we protected investors through the turmoil of the first quarter and captured much of the bounce in the following six months. Looking ahead there are clear uncertainties with the US election, Brexit negotiations and, of course, the path of the virus. We need to tread a fine line between capturing opportunities for growth and keeping the portfolio protected in distorted markets, but the results so far are encouraging.

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 %	September 2020	Year to date	1 year	3 years	5 years	10 years
Total return NAV	-0.3	7.3	8.2	11.6	24.7	51.9
Share price TR ¹	0.4	7.7	9.0	8.1	22.4	39.2

¹Assumes re-investment of dividends

Percentage growth in total return NAV	%	As at 30 September 2020	p
30 Sep 2019 – 30 Sep 2020	8.2	Share price	240.50
30 Sep 2018 – 30 Sep 2019	1.5	Net Asset Value (NAV) per share	246.22
30 Sep 2017 – 30 Sep 2018	1.5		%
30 Sep 2016 – 30 Sep 2017	1.6	Premium/discount to NAV	-2.3
30 Sep 2015 – 30 Sep 2016	10.0	NAV total return since inception ²	213.2
		Standard deviation ³	1.86
		Maximum drawdown ³	-8.62

Source: Ruffer LLP, FTSE International (FTSE) †

²Including 40.0p of dividends ³Monthly data (total return NAV)

Ruffer Investment Company Limited as at 30 Sep 2020

Asset allocation



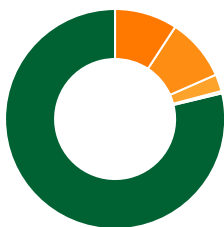
Asset allocation

	%
Non-UK index-linked	20.5
Cash	12.6
Illiquid strategies and options	11.0
Long-dated index-linked gilts	9.5
Gold and gold equities	9.3
Index-linked gilts	6.8
UK equities	14.4
Japan equities	6.3
North America equities	6.1
Europe equities	3.3
Asia ex-Japan equities	0.3

Currency allocation

	%
Sterling	78.7
Gold	9.3
US dollar	9.1
Yen	2.6
Euro	0.3

Currency allocation



10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	1.9
Tesco	1.3
Kinross Gold	1.1
Walt Disney	1.0
IamGold	1.0
American Express	1.0
Vinci	0.9
General Motors	0.9
BP	0.9
NatWest Group	0.9

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	6.8
US Treasury 1.75% TIPS 2028	5.8
UK Treasury index-linked 0.125% 2068	5.1
UK Treasury index-linked 0.375% 2062	4.4
US Treasury 0.875% TIPS 2029	3.1

*Excludes holdings in pooled 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 fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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

NAV £445.1m Market capitalisation £434.8m Shares in issue 180,788,416

Company information

Annual management charge (no performance fee)	1.0%
Ongoing Charges Figure*	1.08%
Ex dividend dates	March, September
NAV valuation point	Weekly, every Tuesday and the last business day of the month
Stock ticker	RICA LN
ISIN GB00B018CS46	SEDOL B018CS4
Administrator	Praxis Fund Services 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

* As at 30 June 2020

† © FTSE 2020. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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 Wealth and Barclays Capital in Glasgow, London and Singapore. Duncan is a CFA charterholder.



Enquiries

Ruffer AIFM Ltd	+44 (0)20 7963 8254
80 Victoria Street	rif@ruffer.co.uk
London SW1E 5JL	www.ruffer.co.uk

Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2020, assets managed by the group exceeded £19.9bn.