Ruffer Investment Company Limited

Investment Manager's Period End Review
for the period ended
31 December 2024 (unaudited)

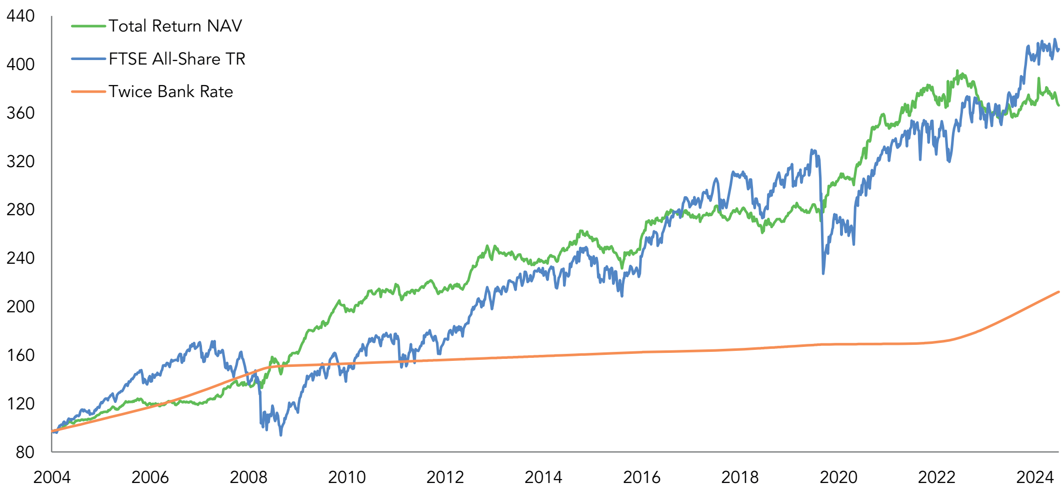
Contents

Key performance indicators	31 Dec 2024 %	31 Dec 2023 %
Share price total return over 6 months[1]	0.2	0.3
NAV total return per share over 6 months[1]	(0.4)	0.6
Discount of share price to IFRS NAV	(4.5)	(3.7)
Dividends per share over 6 months[2]	3.10p	1.65p
Annualised dividend yield[3]	2.31	1.20
Annualised NAV total return per share since launch[1]	6.7	7.0
Ongoing charges ratio[4]	1.08	1.08

Financial highlights	31 Dec 2024	30 Jun 2024
Share price	268.00p	270.50p
NAV as calculated on an IFRS basis	£935,069,127	£1,019,738,821
NAV as reported to the LSE	£935,110,679	£1,019,427,621
Market capitalisation	£892,782,408	£968,221,652
Number of shares in issue	333,127,764	357,937,764
NAV per share as calculated on an IFRS basis	280.69p	284,89p
NAV per share as reported to the LSE	280.71p	284.81p

1 Assumes reinvestment of dividends
2 Dividends paid during the period
3 Dividends paid during the period divided by closing share price
4 Calculated in accordance with AIC guidance

PERFORMANCE TO 31 DECEMBER 2024



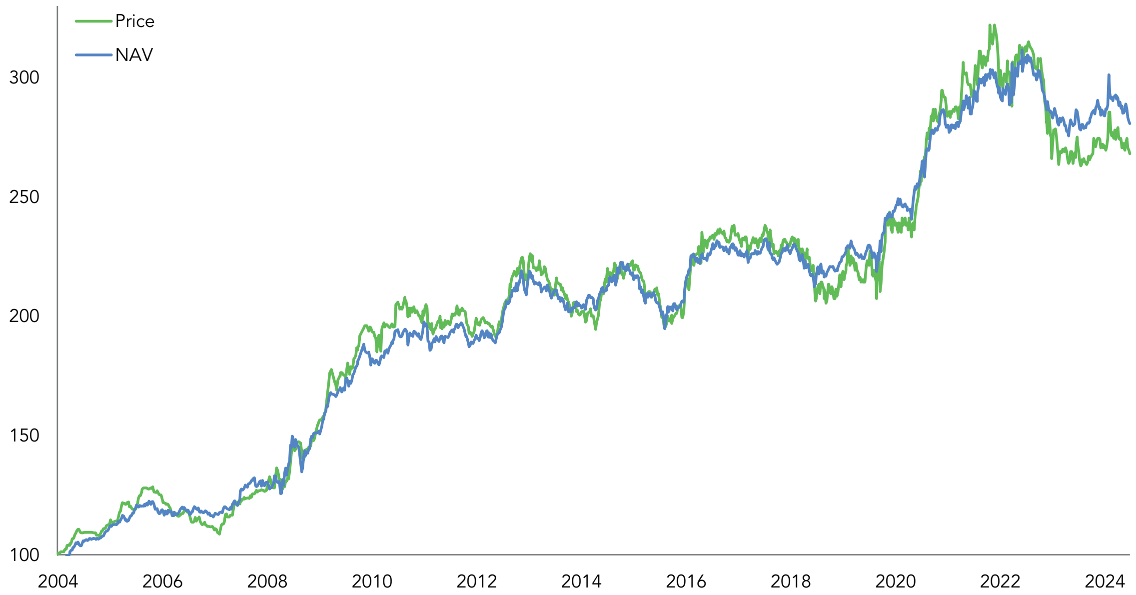
Source: RAIFM Ltd, FTSE International, data to 31 December 2024. All figures include reinvested income. Ruffer performance is shown after deduction of all fees and management charges. Performance data is included in the appendix.

Performance review

The net asset value (NAV) total return for the six months to 31 December 2024 was -0.4%, and the share price total return was +0.2%. The NAV total return for the 12 months to 31 December 2024 was 0.0%, and the share price total return was -0.7%.

The annualised NAV total return since inception of the Company in 2004 is 6.7%. The total return since inception of the Company is 276.6%. Over the same period, the FTSE All-Share has achieved an annualised total return of 7.3%. The gap between the share price and the NAV total return numbers is driven by the Company moving from a discount of -3.7% at 31 December 2023 to a discount of -4.5% at 31 December 2024.

RUFFER INVESTMENT COMPANY PERFORMANCE IN NAV AND PRICE TERMS



Source: RAIFM Ltd, FTSE International, data to 31 December 2024. All figures include reinvested income. Ruffer performance is shown after deduction of all fees and management charges. Performance data is included in the appendix.

There is no denying we are at a painful moment for Ruffer and our shareholders. After four strong years from 2019 to 2022 when the NAV total return annualised over 10%, investors have now experienced two consecutive losses in share price terms.

So where have we gone wrong? There is a tension between the cyclical and the structural. On the cyclical, we have been proved wrong – there was no recession, but there was an aggressive disinflation and a resurgence in animal spirits. On the structural? Sticky inflation, financial stability preferred to monetary stability, geopolitical fracturing, the rise of populism and state directed capitalism – so far, spot on.

We view this as an intertemporal snag. We currently see the elastic band which tethers prices and fundamentals as stretched taut, with the potential for an aggressive snap back. In that scenario, our view of the fundamentals and prices should converge, and a redemptive performance moment be expected, like ketchup from a glass bottle. We have been in this uncomfortable position before.

The 60:40 portfolio has recovered from 2022, its worst year in a century (-17%), to post +16% in 2023 and +11% in 2024 and reclaim all-time highs. Under the bonnet, this has been driven by a rip-roaring equity rally (more on that later), but the shocker has been the bonds. The US Treasury market, the global safe haven, posted an unprecedented fourth consecutive year of losses in 2024. That the 60:40 can trade at all-time highs whilst the 40% in bonds bleeds speaks to the power of the equity rally.

There is an aphorism that 'prices make opinions'. Perhaps then it is not surprising that opinions on Ruffer are somewhere near rock bottom whilst simultaneously, views on the equity market are as favourable as they ever have been. We are fully aware that we have tested the patience of our shareholders. However, we would ask that you judge us on our full body of work – 30 years for Ruffer LLP, 20 years for Ruffer Investment Company – rather than the results of one-half cycle, yet to be completed, from the fourth quarter of 2022.

There's a circularity to this. We can point out risks until we are blue in the face, but the optimists can point to the S&P 500 at 6,000 and dismiss them.

The level of the index has become both a fundamental and a measure of the fundamentals. Here's a useful thought experiment. If the S&P 500 were trading at 4,000 after falling by a third, many would probably be happier with our current defensive positioning than they are today when it trades at 6,000. But, with the index having risen 66% from the lows of 2022, we would suggest that is precisely the wrong way round to think about it. We are determined not to let our poor performance in 2023 tempt us into abandoning our caution at exactly the wrong time. Just because something hasn't happened, doesn't mean it won't happen.

Why do we think holding Ruffer in your portfolio is important?

Our investment process has been tried and tested over 30 years and through difficult and varied markets, including the dot.com bust, the global financial crisis, covid-19 and the 2022 rate hikes. We have successfully preserved and grown our clients' capital through all four events. This performance has come with a low correlation to equities and other asset classes. Crucially, it has offered genuine protection in times of market stress. In a strong equity market, any allocation to a defensive manager is too much. In a falling market, whatever your allocation, it's not enough. The tricky thing is finding the balance between these two extremes.

Our portfolio today remains biased more towards 'protection'. We do not attempt to time every market turn, but we do seek to ensure the portfolio's protective armoury is in place when we sense moments of danger. This is similar to our positioning in 2007 during the run-up to the global financial crisis. Like then, we believe now is not the time to dial down protection. The US stock market looks to us both dangerously expensive and highly concentrated – neither a good sign for future returns. We have built a portfolio that should thrive if conditions markedly worsen but should deliver a positive, though unexciting, return if the market exuberance continues.

We are often asked, 'Will it all be worth it? How much will Ruffer have to make when the market breaks to justify the pain?' Our answer: if events play out as we expect, we should experience healthy returns (at a time when conventional portfolios are suffering). The often overlooked second part is the pivot of the portfolio to buying distressed assets in the crisis. We did this effectively in 2003, 2009 and 2020. The power of the Ruffer model – what makes it worth it – is to be on the front foot as a buyer when everyone else is a seller, setting the portfolio up for double-digit gains in the recovery years post crisis.

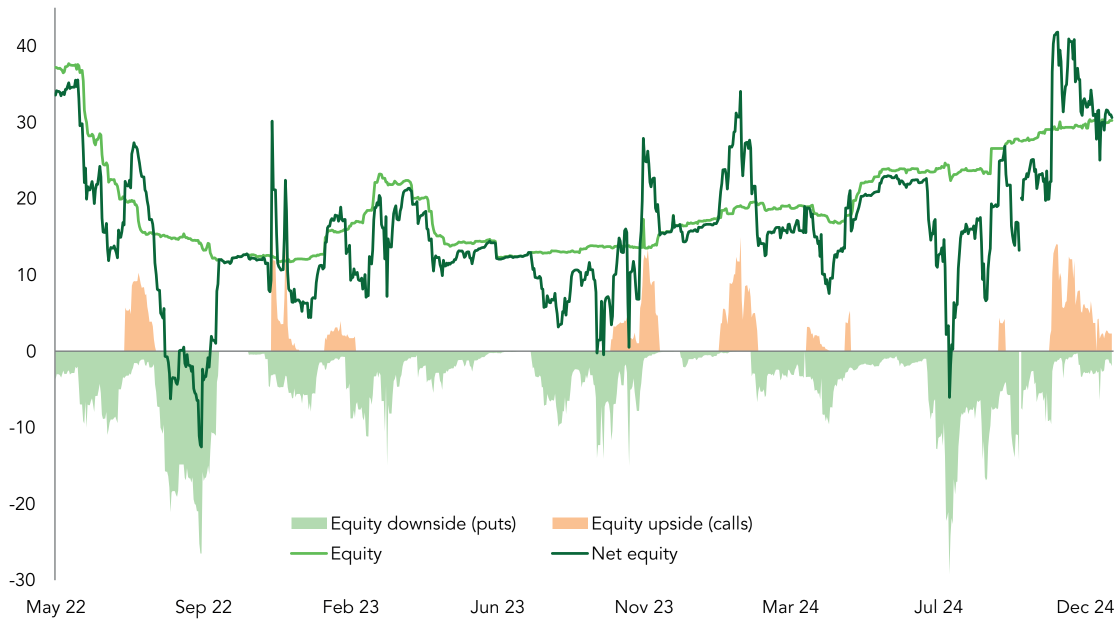
Portfolio changes

We still believe that tighter liquidity conditions and the full impact of higher rates present a significant risk to markets. Our concerns have only grown, with valuation and positioning now both extremely extended. This is why the portfolio remains biased to protection and our basket of defensive derivatives is a core building block.

However, as we were painfully reminded in 2023, it is crucial to have sufficient offsets to carry these protections and keep the portfolio afloat should markets remain benign. To aid this balance, we made several tweaks to the portfolio over the year.

The most notable of these was an increased allocation to growth assets. We took the equity weight from around 17% to 30% by year end, with additions coming primarily in May after the market falls, September before the Federal Reserve (Fed) rate cut and both pre and post the US election. These increases can be seen on the below chart in dark green. Around the election, we also chose to further increase our exposure tactically via call options, seen on the chart in orange.

PORTFOLIO'S NET EQUITY EXPOSURE OVER THE LAST TWO YEARS



Source: RAIFM Ltd, data May 2022 to December 2024

The flavour of those equity additions was broad. In September, we added to China and commodity equities, which boosted returns as stimulus was announced later in the month and we took profits. Around the election, the additions were US centric. We made an allocation to a liquid basket of US stocks that had an attractive free cash flow yield, as well as better value and quality metrics than the overall market, to gain more exposure to a broadening-out within US markets. We also got index exposure from short-dated S&P call options.

Precious metals and commodity exposure is another area we have traded actively this year. In early September, we added c 3.5% to the portfolio's commodity exposure across a range of assets including oil, copper, BP and agricultural commodities in anticipation of a Fed rate cut. That proved prudent, especially given the stimulus from China. We traded in and out of silver successfully in the first half of the year, and retain a 1% exposure to platinum, which like silver trades with a high beta to the gold price, to complement our gold equity holdings.

The portfolio now holds around 33% across equities and commodities which should benefit from a broader market rally and continued economic strength, supported by our bond exposure and gold equities, which should rise in value if yields were to fall.

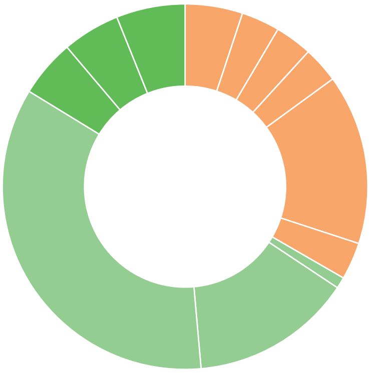
On the protection side of the portfolio, we have been active in both our conventional and our unconventional assets. We temporarily increased duration via 10 year US inflation-linked bonds in late April and early May with real yields of well over 2%, and sold as yields fell sharply again in early August. Towards the end of the year, we added to long-dated UK inflation-linked bonds, taking portfolio duration to 1.9 years. We believe a re-appraisal of long-term inflation expectations is overdue and should be beneficial to the index-linked bonds, or at worst, limit any hit from nominal interest rates rising.

Within our derivative protection strategies, over the last six months we reintroduced VIX call options, as equity market volatility was subdued despite the macroeconomic conditions. These proved valuable in early August, when we monetised a portion of the position. These have since been replaced with index put options. If liquidity conditions and the economy deteriorate, these positions, alongside the credit protection, should appreciate sharply.

The other core part of our protection allocation, the yen, came to life over the summer and we sold our contingent exposure during the August market wobble. Towards the end of the year, we took advantage of yen weakness to re-establish our yen call options to complement the direct exposure to the currency.

Whilst returns remain unsatisfactory, we have been working hard to maintain sufficient portfolio balance, with our base case yet to play out. This recent performance is closer to what we would expect from the Ruffer portfolio at this stage of the cycle – unexciting but treading water – as we favour protection over growth for the time being.

CURRENT PORTFOLIO STRUCTURE



Inflation	%
Gold and precious metals exposure	6.1
Long-dated UK inflation-linked bonds	5.1
Short-dated non-UK inflation-linked bonds	5.1
Protection	
Short-dated nominal bonds	35.0
Credit and derivative strategies	14.3
Cash	1.0
Growth	
Financials equities	5.1
Consumer staples equities	3.4
Energy equities	3.3
Consumer discretionary equities	3.2
Other equities	15.1
Commodity exposure	3.3

Currency allocation	%
Sterling	78.2
Yen	16.6
Euro	4.7
Swiss franc	0.5
Other	0.1
Geographical equity allocation	**%**
UK equities	12.1
North America equities	6.6
Europe equities	5.2
Asia ex-Japan equities	5.2
Other equities	0.9

Source: Ruffer Investment Company as at 31 December 2024. Totals may not equal 100% due to rounding.

1 In dark green, assets to protect against the long-term inflation volatility we expect, including inflation-linked bonds and gold.

2 In light green, a large position in short-dated bonds and cash to provide dry powder and positive carry. Alongside, a potent allocation to derivative protections to address the risk of a sharp market decline.

3 In orange, a wide range of equities and commodities to profit from a broader market rally, benign conditions and continued economic strength.

Investment outlook

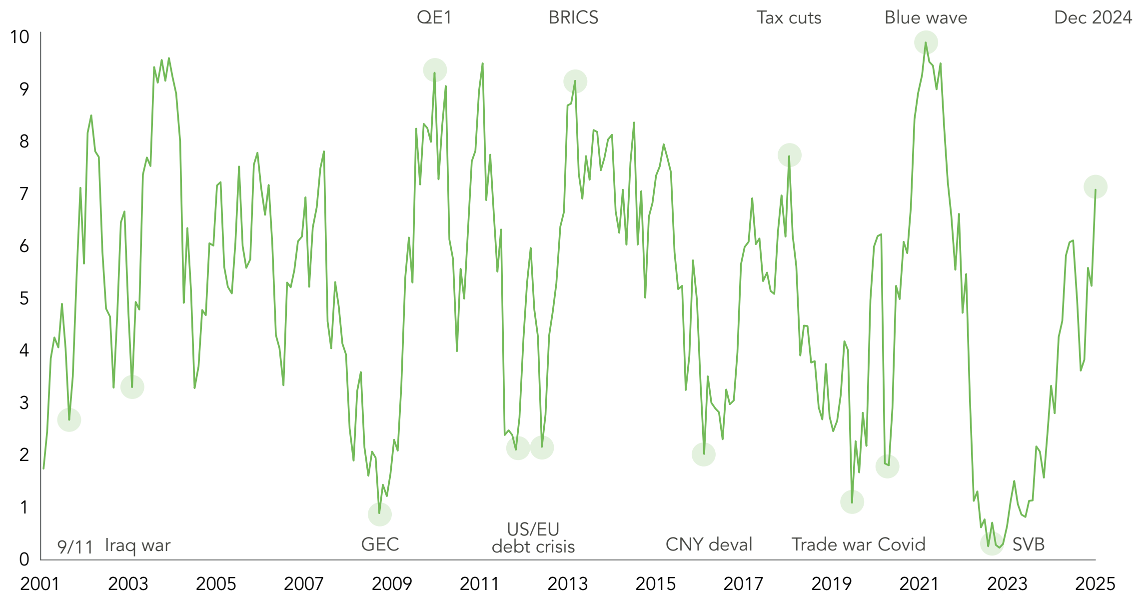
In 2025, we will exit the Year of the Dragon and enter the Year of the Snake. In the Chinese zodiac, people born in the Year of the Dragon are said to be powerful and optimistic. In contrast, those of a serpentine year are masters of reinvention, able to shed their skin amidst change.

Past years of the snake have indeed been transformative: 1929, 1941, 1953, 1965, 1977, 1989, 2001 all saw war, economic pain, or political and financial instability. The stock market is a speculative animal and the average S&P 500 move in the Snake years was -5% with a median of -12%.

In 2024 the US stock market surged effortlessly higher, and the credit spread on US investment grade corporate debt fell to its lowest level since 1997. It was an echo of 2023: the US beat everything, large cap beat small cap, growth beat value, and AI beat non-AI.

As a result, the consensus is now huddled like penguins. As John Maynard Keynes observed, it is better for one's reputation to fail conventionally than to succeed unconventionally. Every investment bank's global outlook is making the same assumptions – markets grind higher, global growth picks up, there's no recession, inflation stays quiescent. Sentiment and risk appetite is high.

GLOBAL FUND MANAGERS' SENTIMENT SEES BIGGEST MONTHLY IMPROVEMENT SINCE JUNE 2020



Source: BofA Global Fund Manager Survey December 2024. Percentile rank of fund managers growth expectations, cash level and equity allocation.

In the original version of the game Snakes and Ladders, players navigate a board of good and bad deeds. The good deeds, such as thrift, penitence and industry, are rewarded with ladders which let players advance quickly. Bad deeds, such as cruelty, indolence and greed, are marked with snake heads. Players who land in a snake square are sent tumbling back down the board. This is thought to be where the phrase 'back to square one' originates. At Ruffer, we are laser focused on ensuring this doesn't happen to our shareholders in a setup where we see lots of snakes in the year ahead.

Before we consider what 2025 and beyond might hold, we think it's helpful to consider the board the Year of the Snake will inherit.

Valuations

Valuation, to the extent it is still used at all, is becoming an anachronistic concept. Optimistic investors see far more ladders than snakes.

In shareholder meetings, we have received pushback on the assertion that equities are expensive, or even that valuation matters, with flows or underlying growth being more predictive factors. Minsky taught us that, when perceived risks are at their most benign, the actual danger is greatest.

The point to make here is that valuations are undeniably expensive. The table below is better than 1,000 words.

US VALUATIONS ARE EXTREME

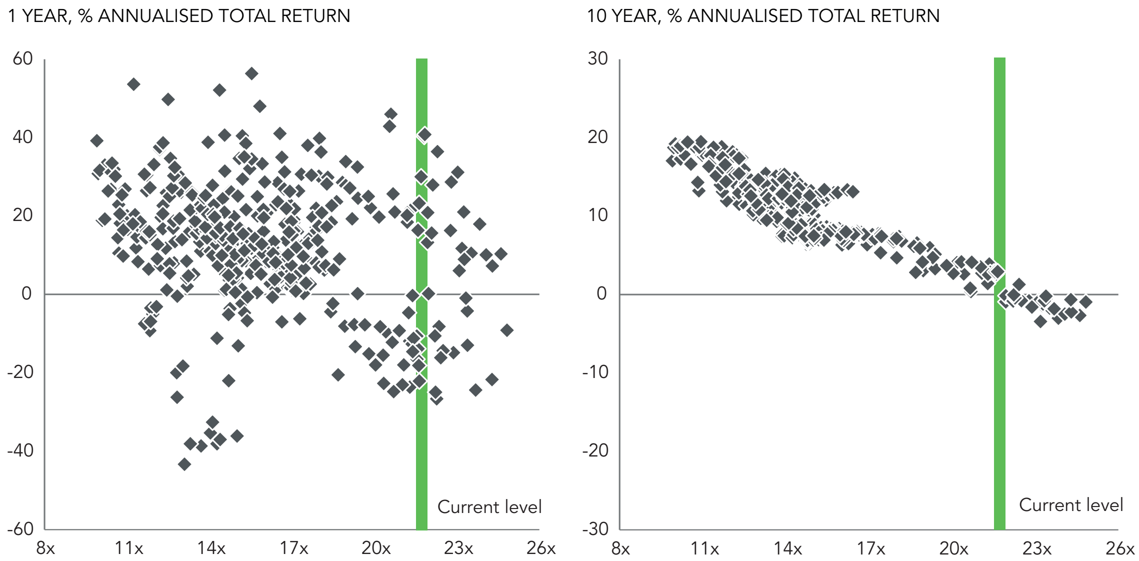
Aggregate index	Valuation metric	Percentile %
EV/sales	3.4x	100
Cash flow yield	5.0%	100
Price/book	5.3x	99
EV/EBITDA	16.7x	97
Forward P/E	22.4x	96
Cyclically adjusted P/E	34.4x	96

Source: Compustat, S&P 500, Goldman Sachs Global Investment Research, data from 1976 to 2024

These valuation metrics use different parts of the financial statements – cash flow, income statement or balance sheets, forward and backward-looking metrics – but they have a uniform message. The S&P 500 trades pretty much as expensively as it ever has, with ruinous forward-looking return expectations.

Unfortunately, this fact doesn't give you a clue about the timing of the market reversal, but it does tell you that we are defying gravity. Gravity does matter, but only in the medium to long run.

S&P 500 FORWARD P/E RATIOS AND SUBSEQUENT RETURNS



Source: IBES, LSEG Datastream, S&P Global, JPMorgan Asset Management. Monthly data points since 1988, which is earliest available. Forward P/E ratio is price to 12 month forward earnings, calculated using IBES earnings estimates. December 2024.

Even saying that the steady state level of valuation is now higher (which is possible) is identical to saying that the likely level of future returns is lower. Remember: paying more for a company's earnings doesn't change the underlying business dynamics that determine how much that company earns.

In summary, given where equity valuations are, you don't have to make a high probability case for an economic or market accident to justify a low-risk portfolio. Investors sticking with their traditional equity allocations remind us of the old Clint Eastwood character Dirty Harry asking just one question: "Do you feel lucky? Well, do you punk?"

Positioning, sentiment and froth

A combination of shorter-term measures on positioning and sentiment can help us assess whether a market move has reached a point of exhaustion.

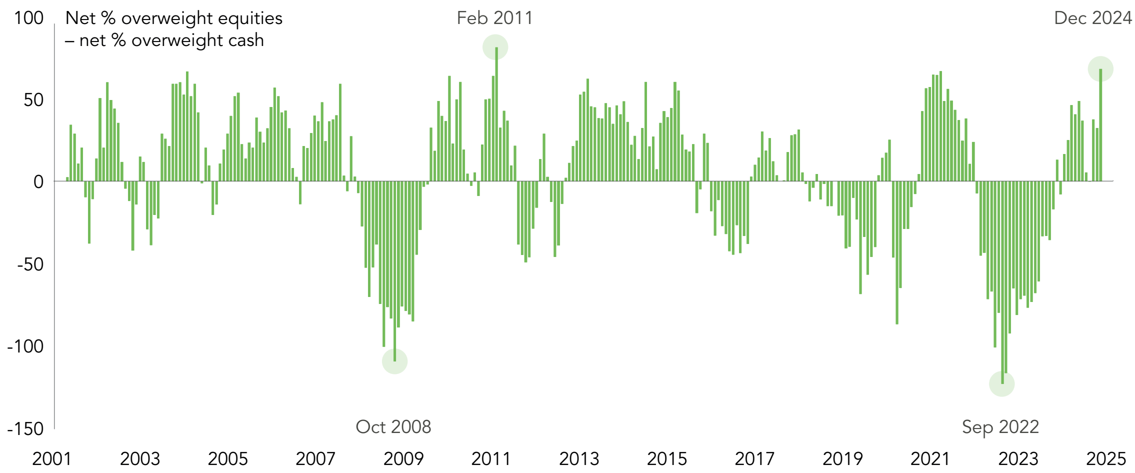
Positioning

In aggregate, we believe investors are about as bullishly positioned as at any time in the last 25 years. Importantly, this is in stark contrast to their positioning at the beginning of 2023.

A recent Naxitis survey found that US retail investors expect their investments to return 15.6% annualised above inflation over the long term. The long-term average annualised real return offered by equities is around 5%. This gulf between expectations and reality is a setup for disappointment.

The BoA Global Fund Manager Survey showed investors are record overweight the US market, which is already at a record size in the benchmark.

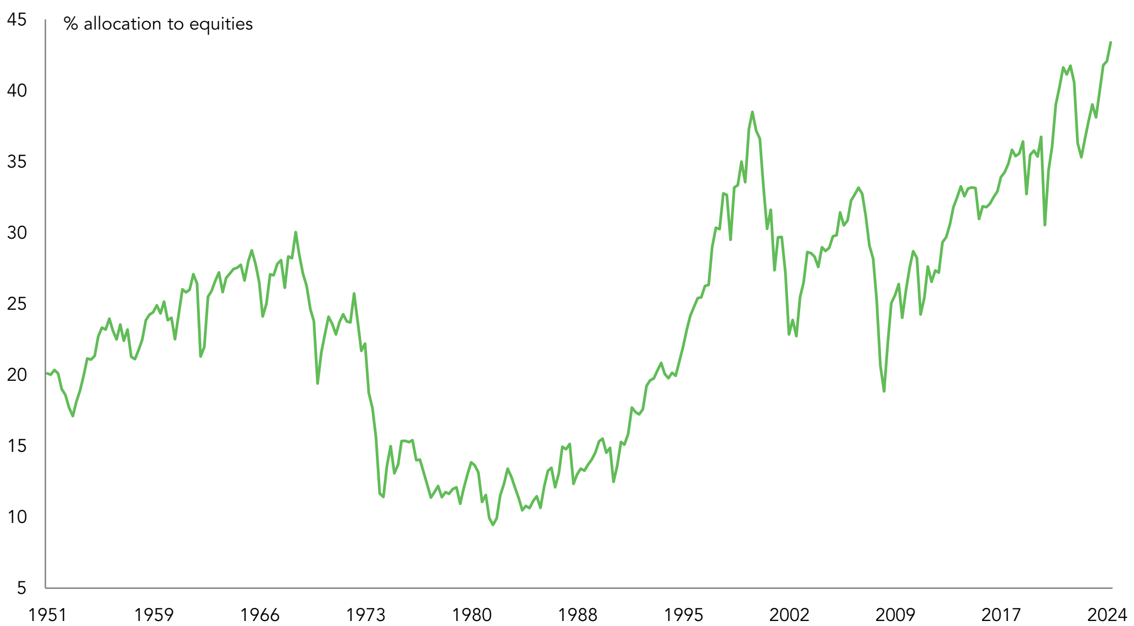
FUND MANAGERS HAVE ROTATED OUT OF CASH AND INTO STOCKS



Source: BofA Global Fund Manager Survey December 2024

From households to hedge funds, financial market exposure and leverage are high. The average US consumer now has over 40% of their net worth in US equities, the highest proportion on record.

US HOUSEHOLD'S ALLOCATIONS TO EQUITIES ARE AT RECORD HIGHS



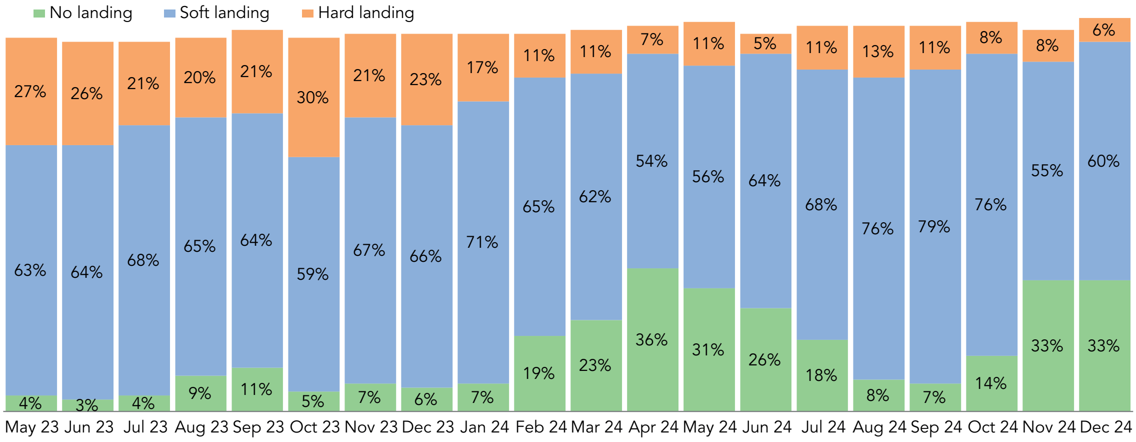
Source: Federal Reserve Economic Data, Federal Reserve Bank of St Louis. Households and nonprofit organizations; directly and indirectly held corporate equities as a percentage of financial assets; assets, level, percent, quarterly, not seasonally adjusted, 1945 to July 2024

Household net worth is now up over 30% from pre-covid levels. This wealth effect, and the leveraging of US households to the fate of the S&P 500, is a double-edged sword, increasing the reflexivity between financial markets and economic conditions.

Sentiment

Having spent 2023 and 2024 climbing an economic wall of worry, there appear few cautious investors out there left to capitulate. Only 6% of the fund managers surveyed believe in a hard landing in 2025, the lowest number in several years.

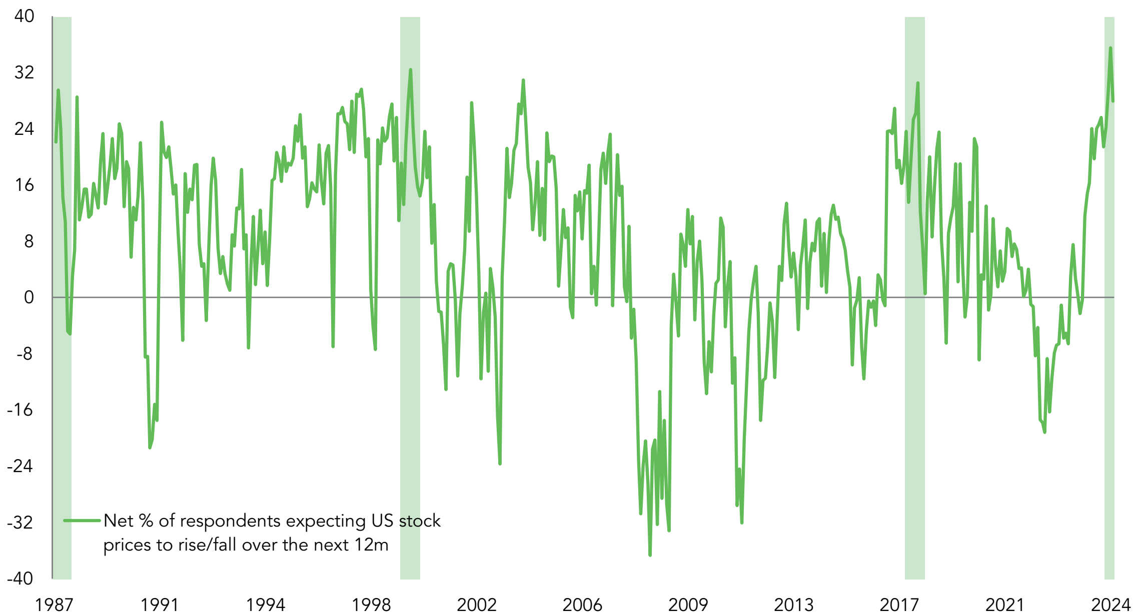
THE MOST LIKELY OUTCOME FOR THE GLOBAL ECONOMY OVER THE NEXT 12 MONTHS?



Source: BofA Global Fund Manager Survey, December 2024

The chart below shows individual investors' exuberance on the stock market. Despite showing only modest optimism on economic growth, retail investors are the most confident ever that stock prices will go up.

US RETAIL INVESTORS ARE THE MOST BULLISH IN 40 YEARS



Source: Conference board survey. Data from June 1987 to December 2024.

No one of these metrics is a guarantee of a correction but, together, they show a market that appears to be free of any gravity – making it vulnerable to drawdown risk.

Froth

They say nobody rings a bell at the top. This is lucky because the president elect rang the bell at the New York Stock Exchange on 12 December 2024.

Once again, there is an excess of excesses, reminiscent of 2021.

Perhaps the most remarkable thing is that these phenomena have returned so quickly, and at a time without zero interest rates and quantitative easing.

Here is a short list of things market participants may look back on and say perhaps there were signs.

- the ratio of insider sales to insider buys hits a record high for any quarter in the last 20 years. There are $25 of sales for every $1 of purchases across the S&P 500
- leveraged Long ETF AUM is 10x larger than Leveraged Short ETF AUM – a strong signal of greed and risk appetite. Double the ratio at the 2021 high
- there are 107 cryptocurrencies with a market cap of over $1 billion
- crypto investor Justin Sun purchases a piece of 'art' which is effectively a banana duct-taped to a wall for $6.2m... and then he eats it
- Microstrategy's attempt to corner the bitcoin market with borrowed money

Photo: Sarah Cascone, artnet.com

The above should give pause for thought about further speculation. If we were to ask where we are on this journey, the following words from value-investing great Sir John Templeton come to mind.

> "Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.
>
> Sir John Templeton, 1912-2008

Given all this positivity, what does the bull case look like?

Evidently, we believe that equity markets, particularly the US, are irrationally exuberant. Yet there is always a kernel of truth at the essence of these periods. What is the story markets are telling themselves?

Monetary policy

The Federal Reserve is cutting rates, as are the European Central Bank and the Bank of England. In 1995, the Fed cut interest rates 0.75% whilst the S&P 500 was at all-time highs, and it fuelled the dot.com bubble – is that the right parallel?

Inflation

Inflation is currently low enough and falling, so Team Transitory can claim to be winning. Any uptick from here could be viewed as a signal of economic strength, rather than a red flag.

Trump

Trump is a low tax, laissez-faire capitalist. He is assembling as pro-business an administration as you can imagine, and we know that one yardstick he uses for his presidency is the level of the S&P 500. In his first term, he tweeted about the stock market 150 times.

AI

On top of this, the fairy dust encouraging investors to engage in magical thinking is the promise of artificial intelligence. AI clearly has transformational potential for the global economy and productivity. From a corporate perspective, it offers tantalising opportunities to expand margins and save on labour costs. However, markets have a wonderful way of bringing the hopes of the future into the prices of the present.

We expect that, just like internet-related benefits pre-2000, they will not arrive quickly enough to support current enthusiasm. Recent research from Goldman Sachs shows that only 5.9% of US companies are using AI at present, up from only 4% a year ago. Cumulatively, AI is not expected to have a noticeable aggregate impact on the economy until 2028 at the earliest. In today's myopic markets, that is a lifetime away.

Also, it is easy to forget that much of what AI adds will be lost on a net basis. If AI does something better, that will cause displacement, disruption and job losses.

Despite all the society-changing innovations of the past two decades – PCs, the internet, mobile phones, social media – real GDP growth has averaged around 2% annually, which is significantly lower than in any of the five decades before that. The lesson from history is that technological advances have provided durable benefits to consumers, not durable periods of extreme profitability.

US exceptionalism

> “We are a people that has experienced something epic together. We were given this brilliant, beautiful thing, this new arrangement... it’s all a miracle. I love America because that’s where the miracle is.”
>
> Peggy Noonan

The bull market in US exceptionalism is perfectly rational.

The US economic powerhouse has many unique institutional and geographical advantages. Beginning after the GFC, the bull market grew on American technology leadership, energy independence and superior demographics. Latterly, it was given a shot in the arm by huge relative fiscal stimulus in response to the pandemic and during the Biden administration.

So why are we not investing in exceptionalism and innovation? Has America not always been exceptional?

The outperformance of the US relative to global equities this cycle is truly staggering but it’s entirely a post financial crisis phenomenon.

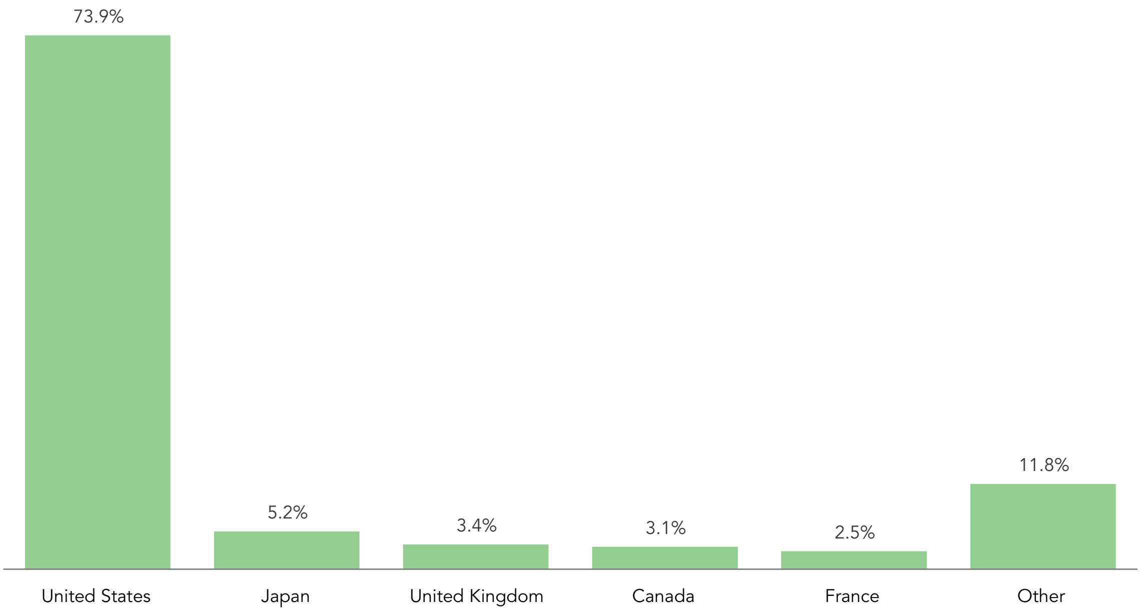
US EQUITY PRICES RELATIVE TO GLOBAL EQUITY PRICES (USD TERMS)

Source: Bank of America Global Investment Strategy, GFD Finaeon. Data to December 2024.

What has changed? America has always led global innovation, but it has not always traded at almost twice the valuation to the rest of the world. Indeed, 2024 was the best year for US stocks versus Europe since the early 1980s.

The US now exceeds 70% of the MSCI World Index.

MSCI WORLD INDEX WEIGHTINGS BY COUNTRY

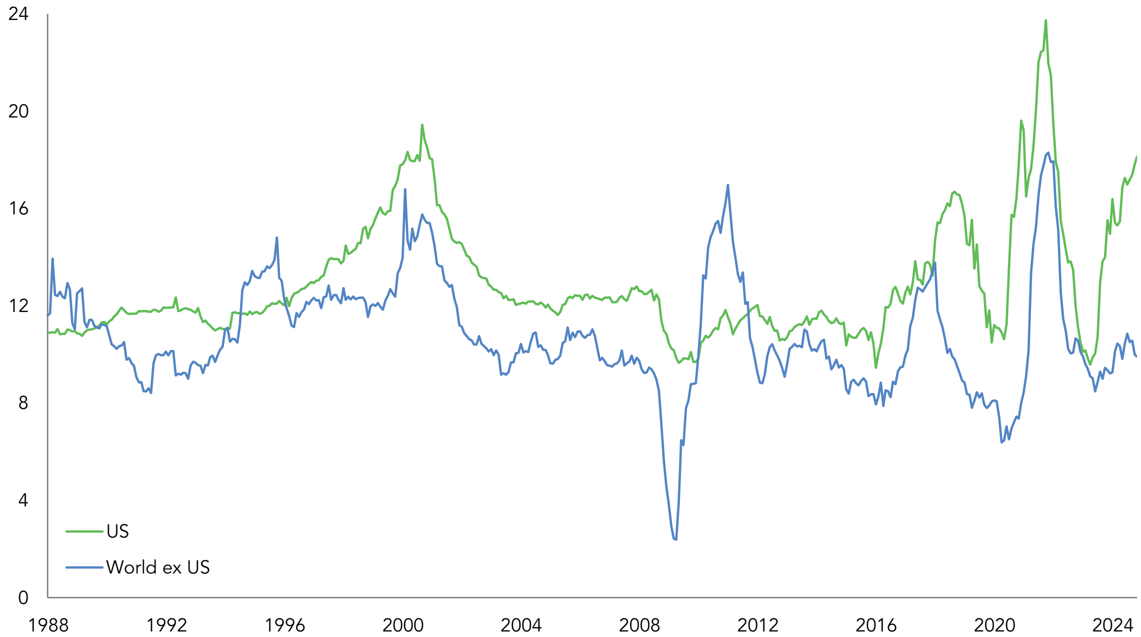


Source: MSCI, November 2024

This superiority has been earned. The US has better companies, with better growth and better profit margins, operating in the most shareholder friendly jurisdiction. These points have been true for several years and do justify a premium, but we have reached a point of extremity. What the wise man does in the beginning, the fool does in the end.

The chart below shows the MSCI US Index is forecast to have 17% long-run earnings per share (EPS) growth, hugely outperforming the rest of the world. That seems almost completely implausible at an index level from current record profits, with record margins and low tax rates.

US EXCEPTIONALISM, CONSENSUS LONG-TERM EPS FORECASTS %



Source: MSCI, IBES/DataStream, NBER; Minack Advisors

A country that makes up 4% of the global population, 26% of global GDP and a third of global profits accounts for a staggering 70% of global equity indexes. We have not seen such an imbalance for many decades. The only comparison was late 1980s Japan, which contributed less than 20% of global GDP, but made up 45% of MSCI World.

The seven biggest US companies in the MSCI World Index are a larger weighting (at 20%) than the weightings of Japan, India, Switzerland, France, China, the UK and France combined.

In 2024 alone, the value of the Magnificent Seven has risen by $6 trillion – greater than the entire market cap of the Nikkei or around twice the FTSE 100.

There are three companies (Apple, Microsoft and NVIDIA) whose market cap is greater than 10% of US GDP. This is more than double the 5% of US GDP that Cisco achieved in the dot.com bubble.

The US dominates the largest 10 companies in the world. These things are always more cyclical than they feel at the time.

The world's top 10 largest companies by market capitalization

1980: Peak oil	1990: Japan will take over the world	2000: TMT bubble	2010: China will take over the world	2024: US tech (and US waistlines)
IBM	NTT	Microsoft	ExxonMobil	Apple
AT&T	Bank of Tokyo-Mitsubishi	General Electric	PetroChina	Microsoft
Exxon	Industrial Bank of Japan	NTT DoCoMo	Apple	Nvidia
Standard Oil	Sumitomo Mitsui Banking	Cisco Systems	BHP Billiton	Alphabet
Schlumberger	Toyota Motors	Walmart	Microsoft	Amazon
Shell	Fuji Bank	Intel	ICBC	Saudi Aramco
Mobil	Dai-Ichi Kangyo Bank	NTT	Petrobras	Meta
Atlantic Richfield	IBM	ExxonMobil	China Construction Bank	Berkshire Hathaway
General Electric	UFJ Bank	Lucent Technologies	Royal Dutch Shell	Eli Lilly
Eastman Kodak	Exxon	Deutsche Telekom	Nestlé	TSMC

Gavekal Research

Back in the late 1980s, all sorts of theories justified the Japanese dominance of global markets – better growth, better management techniques, more unique or disruptive companies. Another example of 'prices make opinions' we see everywhere today.

We can often look to public consciousness for signs that we are reaching a peak. Michael Crichton's 1992 book *Rising Sun* encapsulated many of the fears of the day – powerful Japanese businesses outcompeting and taking over US corporations. In the same period, Japanese investors made deals for US landmarks such as Rockefeller Center, the Empire State Building and Pebble Beach Golf Course. At the time, it felt like Japanese ascendancy was unassailable.

In hindsight, we know the Nikkei had already peaked and wouldn't reach those prices again for 35 years.

Today's equivalent might be seen in European companies re-listing in the US, or in former Treasury Secretary Larry Summers' quote: "Europe is a museum, Japan is a nursing home, China is a jail." That leaves the US as the only game in town.

> "When someone shows you who they are, believe them the first time."
>
> Maya Angelou

Beyond valuations, what are the risks we see that inform the portfolio's defensive posture?

Trump 2.0

The consensus view: a second Trump administration is poised to drive profound economic consequences, amplifying US exceptionalism into hyper-exceptionalism. Despite Trump's radical campaign agenda markets are generally assuming an Art of the Deal presidency. As Salena Zito memorably said, "Take Trump seriously, but not literally."

Trump 1.0 in 2016 was positive for markets, and many investors are reaching for the same playbook again. However, today's starting point is diametrically different to Trump's first term.

TRUMP 1.0 VERSUS TRUMP 2.0

	TRUMP 1.0	TODAY
Output gap	Negative	Positive
Budget deficit %	3.0	7.0
Fed balance sheet	Expanding	Contracting
Nominal GDP growth %	3.0	6.0
Core CPI %	2.1	3.3
Bond equity correlation	Negative	Positive
Implied tax rate %	28	19

Source: UBS, Bloomberg, Federal Reserve, November 2024

In 2016, the US was grappling with secular stagnation and low inflation. Markets were receptive to fiscal expansion, facilitated by global central banks eager to buy bonds at low yields. Trump's tax cuts and deregulation unleashed animal spirits, fuelling higher asset prices and growth. Today, however, that backdrop is different. The US is already running a fiscal deficit at peacetime highs, inflation has been above target for four years, and the economy has little spare capacity.

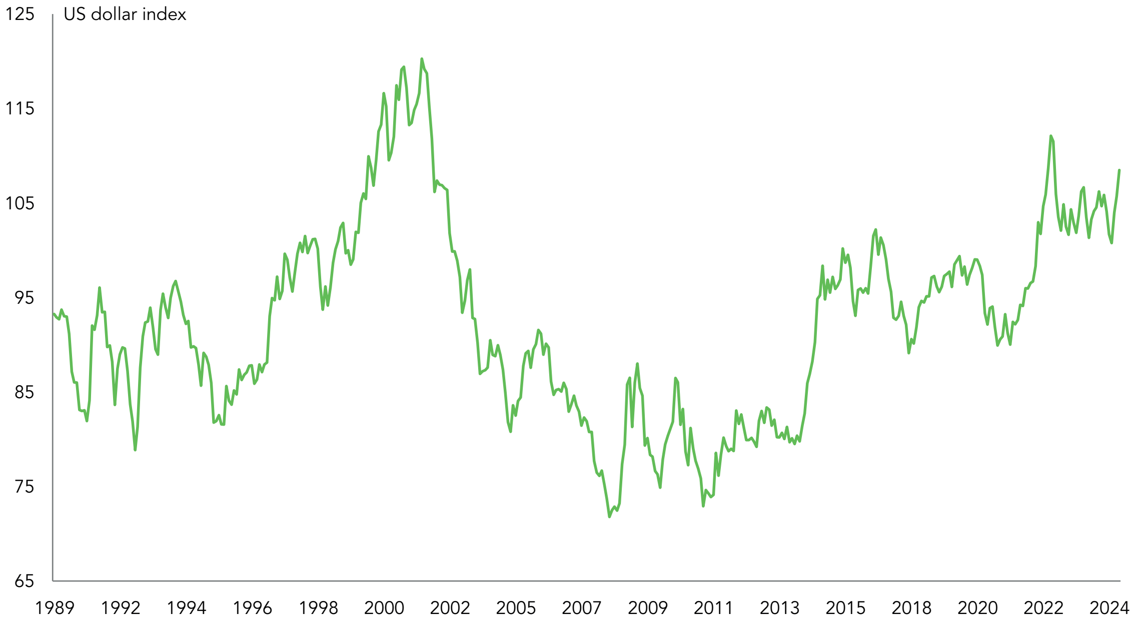
In our mind, this change in starting conditions makes Trump's policies – whether expansionary, deflationary or both – a likely destabilising force for markets and the global economy. Trump throws more ladders and more snakes onto the board.

Policy contradictions

Trump's potential economic policies are expansive but contradictory. Markets appear willing to price the positives but heavily discount the risks. These include –

The US dollar: does Trump want it stronger or weaker? It's already very strong.

THE PATH FOR THE US DOLLAR



Source: Factset. Data 1989 to December 2024

Tariffs for those who try to move away from the reserve currency would suggest he likes it strong. A desire for lower interest rates, the embracing of cryptocurrencies and the goal of fostering an industrial renaissance in Middle America would suggest a weaker dollar.

Deficit rationalisation: the rhetoric about slashing government waste and downsizing the federal bureaucracy is at odds with tax reductions that exacerbate funding pressures. Any meaningful attempt to tackle government spending risks a deflationary shock or a recession.

Regulatory reduction: a continuation of aggressive deregulation could boost corporate margins and productivity. Deregulation, tax reform and government rationalisation could theoretically produce a Cambrian explosion of productivity gains. However, translating such potential into actionable policy without triggering recessionary disruptions and mass unemployment remains a dangerous tightrope walk.

These objectives also intersect with geopolitical, bureaucratic and market realities. Whilst massive tax cuts and infrastructure spending are politically palatable, they heighten inflation risks, particularly at a point where Federal Reserve independence may be curtailed and monetary policy politicised via the appointment of a 'shadow Fed Chair' early in 2025.

In sum, Trump's second term promises an agenda of high ambition but even higher uncertainty. The juxtaposition of strong asset pricing and significant policy risk sets the stage. Whether Trump's hyper-exceptionalism is a boon or a destabilising force will depend on the sequencing and execution. When the cast of characters is led by two of the most capricious, strong-minded tycoons we have ever seen, fireworks are guaranteed. Significant reform seems unlikely to be pulled off without a hitch.

The path to the second wave of inflation

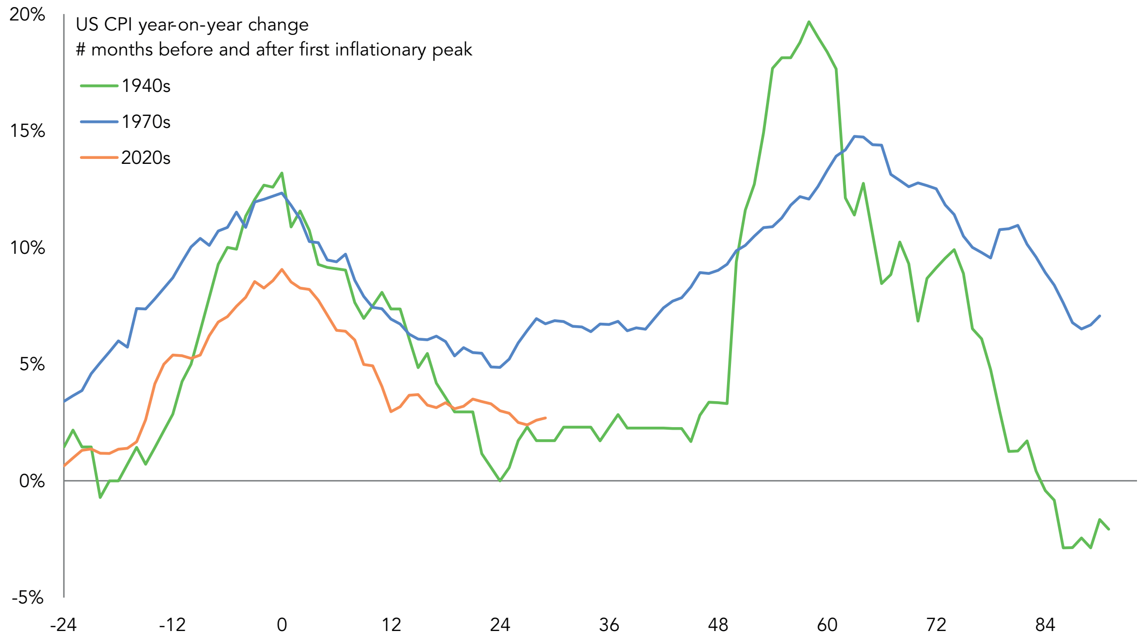
Our view is that 2% has become a floor for inflation, rather than a ceiling.

In 1980, President Reagan called inflation as 'deadly as a hit man' – and so it has proved for incumbent governments all around the world in 2024. A record number were taken out at the ballot box due to voter backlash over the cost of living and sticky inflation.

In the cyclical theatre of monetary policy, financial markets and fiscal profligacy, we now find ourselves staring down the barrel of a second wave of inflation. Far from being an abstraction, this looming wave appears to be less an if than a when and yet financial markets are ambivalent.

As this chart shows, waves have been the historic pattern, with today's experience in orange versus the post-war in green and the 1970s in blue.

INFLATION TENDS TO COME IN WAVES



Source: US Bureau of Labor Statistics. US CPI year-on-year percentage change. Bottom axis shows months before and after first inflationary peak. Data to November 2024.

If one were concocting a recipe for the next inflationary surge, the ingredients would resemble our current circumstances.

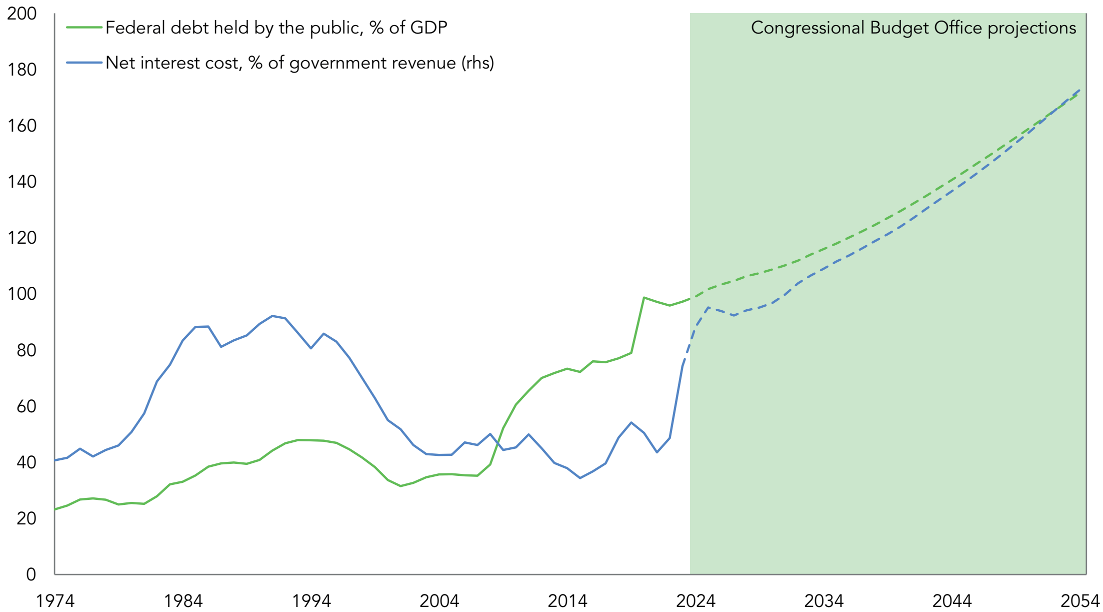
- big fiscal stimulus injected into a global economy that has, for now, sidestepped recession
- central banks reversing course from tightening to easing, emboldened by a temporary victory over inflation's first wave
- imminent tariffs to push up goods prices
- robust wage growth and labour bargaining power
- geopolitical tension simmering, yet never distant from full-blown crises
- commodity prices parked at relatively low levels, awaiting the spark of demand revival

Central bankers regard their efforts as Herculean and decisive, proudly hanging their hats on falls in headline CPI during 2024. A global rate cutting cycle has begun. Yet there are reasons to have doubts – inflation has lingered above target for four years. US CPI appears to have bottomed in September 2024 and is now above target and rising.

As it stands, governments worldwide are wielding fiscal policy with enthusiasm. Witness China, committed to pulling policy levers to end a balance sheet recession. In Europe, Mario Draghi resurrected the fiscal debate to propose investments amounting to €800 billion annually. Such a level of spending would require the share of investment to GDP to rise by around five percentage points, to levels not seen since the 1960s and 1970s.

America does not disappoint in its fiscal excess. As shown in the chart below, under current plans, US debt/GDP and the cost of servicing that debt are set to rise inexorably.

THE PUBLIC DEBT PROBLEM IS GETTING WORSE



Source: Long-term budget projections. Congressional Budget Office. Data released in February 2024. Its assumptions: 10 year yield constant at 3.8%, inflation returns to 2%, real GDP growth averages 1.8-2.4%

The second wave and its portfolio implications

Are we in an environment of reflation until inflation? Are investors the frog being slowly boiled? The policymakers' task appears more Sisyphean than Herculean.

The second wave of inflation might well differ in scale or surprise from its predecessors. Perhaps this is the lesson markets must relearn: inflation, like history itself, neither dies nor forgets. It lingers, quietly waiting for the exact mix of hubris, policy and events to transform stagnation into its insidious second wind.

Whilst the market continues to give policymakers the benefit of the doubt, we have positioned the portfolio to benefit from what we see as a creeping inevitability, not yet priced in. As we saw in 2022, an increase in inflation leads to an increase in risk premiums and uncertainty.

S&P 500 protection becomes crucial. With US equities facing poor risk-reward dynamics, a significant market decline would create fireworks in the portfolio's S&P put options and volatility plays.

Credit protection adds further insulation. Credit spreads are the tightest we have seen since the GFC, offering significant upside in any stress event.

A diversified basket of commodities amounts to an 8% allocation in the portfolio. Research has shown a diversified basket of commodities is one of the best performing asset classes in periods of inflation, historically delivering 15% when inflation is high and rising.

Index-linked bonds are exciting. With the duration element already repriced much lower, the real yields of around 2% look attractive as an each-way bet on normalisation of rates or inflation protection. It is remarkable to us that inflation expectations remain anchored in line with the central bank targets of 2%.

Yen exposure is a valuable hedge against a potential unravelling in equity markets. With carry trades under scrutiny, foreign exchange dynamics might prove an invaluable stabiliser.

Summary

Most market forecasts for the year ahead are narrowly bunched around the following outlook: resilient economic growth (recessionary tail risks are gone), inflation converging on central banks' 2% targets, gradual monetary easing, US yields in the 3.5-4.5% range and low double-digit gains in the S&P 500. There is high certainty in market pricing and crowding into what has worked.

Our predominant contention in the short term is that investor positioning is yet to adjust to reflect a higher cost of money. Investors are currently paid a positive real rate for not taking risk. How long can investors continue to look through longer bond yields rising? For years, we were told stocks were going up because bond yields were low. Now it appears that surging bond yields don't matter to long duration assets like stocks, alternatives, crypto and gold.

In summary, here is how we measure whether the rewards on offer in global equities today justify the risks investors are taking.

Valuation: At extreme levels that imply significantly lower future returns – only higher in dotcom bubble and 2021.

Sentiment: Wildly bullish, US dominates, inflation is dead.

Positioning: Super long US equities, underweight almost everything else.

Fundamentals: this is the one area where the US looks very strong and arguably the only game in town. However margins are high and tax rates are already low. The outlook is complicated by the new presidential regime.

We have placed our chips accordingly. Broadly, we see three potential paths for markets from here, which inform how we might expect the portfolio to perform.

1. US-led rally continues – a small group of stocks continue to absorb capital at the expense of the rest of the world – an extension of 2023 and 2024. The Ruffer portfolio is unlikely to perform strongly – but the expectation would be that our growth assets offset the cost of protection (which would not be needed.).
2. Significant market sell-off. Markets sell off under the weight of valuation gravity, higher bond yields and re-accelerating inflation. In this scenario, the portfolio's protective assets more than make up for losses on growth assets. Credit spreads, equity downside protection, precious metals, volatility, Yen and duration could all work.
3. Rotation within markets. The market broadens into neglected sectors and geographies but continues to advance. The volatility this would create would provide us with lots of tactical opportunities. Our portfolio would benefit from this rotation into unloved assets, the Ugly Ducklings we have discussed previously, and we would expect to perform satisfactorily and in a diversified and uncorrelated manner.

It has been a painful two years for the Ruffer Investment Company, but we think that the prospective rewards for having a portfolio deliberately positioned as the antithesis of all the excesses we see in financial markets will fully reward our shareholders' patience.

Attribution

Performance contributions for 12 months

Whilst a period of flat performance as equity markets rose is nothing to be proud of, it is a much-improved outturn given we remain defensively positioned and continue to carry similar levels of protection as in 2023. This protection proved its worth twice in 2024: markets wobbled in April and August, and on both occasions the portfolio was quick to respond and delivered a negative correlation to equities. With the benefit of hindsight these were tremors, rather than the earthquake we had expected. But the conditions in financial markets remain fragile enough that we think earthquake-type protection is still warranted.

Better balance in the portfolio was something we were intently focused on this year given imbalance was a key source of frustration in 2023. It is evident in the 12-month performance attribution where the portfolio's broader range of growth assets delivered meaningful positive contributions.

Equity upside exposure was the largest of these, contributing 2.3% to performance. Almost half came from our Asia ex-Japan holdings, including a China A shares ETF (+17%), Alibaba (+12%) and TSMC (+71%). A small but concentrated allocation to some US names, the likes of Amazon (+46%) and Citigroup (+42%), delivered strong returns, as well as stock picks in the UK such as British American Tobacco (+37%) and Rolls Royce (+90%). Our small basket of investment trust companies also saw reasonable contributions from the likes of Aberforth Smaller Companies, PRS REIT, Taylor Maritime and Tufton Oceanic.

Gold (+27%) was one of the best performing assets in 2024, outshone only by European banks (+35%) and the NASDAQ (+30%) by way of major asset class returns. Our roughly 5% allocation to gold mining companies, as well as a tactical allocation to silver bullion, allowed us to benefit from the (unusual) rise in the metal as yields remained high, to the tune of a +1.2% contribution. Elsewhere, a combination of direct commodity exposure via copper and oil ETCs delivered a +1.1% contribution despite Brent crude falling -3.1% over the year. That reflected the success of our trading activity in this part of the portfolio.

Finally, the large cash allocation – around a third of the portfolio is held across US and UK government bonds – produced a +1.8% contribution from the short-dated fixed income yielding 4-5%.

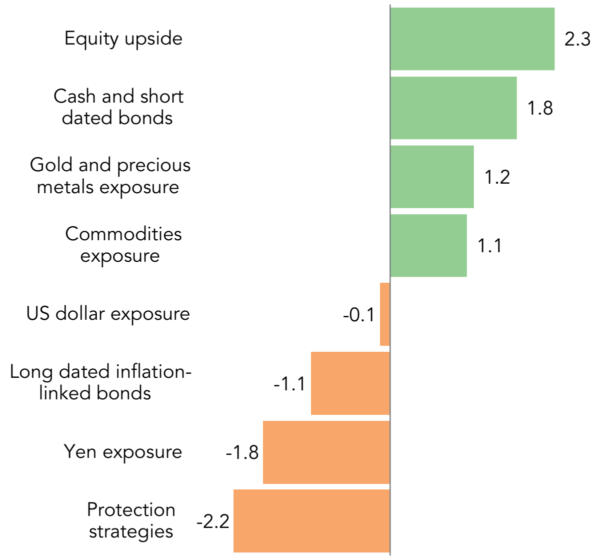
In terms of our protective assets, the index linked bonds, the yen and protection strategies have overall been detractors, despite having been invaluable during the market tremors.

The largest cost to the portfolio was the equity downside protections (index puts, VIX calls) detracting -1.4% as global equity markets rose and volatility, for the most part, remained subdued. The credit protections were also costly, to the tune of -0.8% as credit spreads narrowed and market borrowing costs fell.

Long-dated index-linked gilts had another challenging year as real yields in the UK rose sharply off the back of sticky inflation and now sit just below the Truss highs. However, the losses here were partly offset by successful trading of 10 year US inflation-linked bonds, resulting in an overall contribution of -1.1%.

The other main detractor was the yen, which we hold in size in anticipation of further policy tightening in Japan, as well as for its protective characteristics in market crises. This was shown in early August when the currency spiked as equity markets sold off. However, in benign markets and with continued dispersion between the Bank of Japan and western central banks' monetary policy, the yen weakened -10% versus sterling over the period, costing the portfolio -1.8%. The yen remains at multi-decade lows on several valuation metrics.

PERFORMANCE ATTRIBUTION 31 DECEMBER 2023 TO 31 DECEMBER 2024 (12 MONTHS)



Source: Ruffer Investment Company

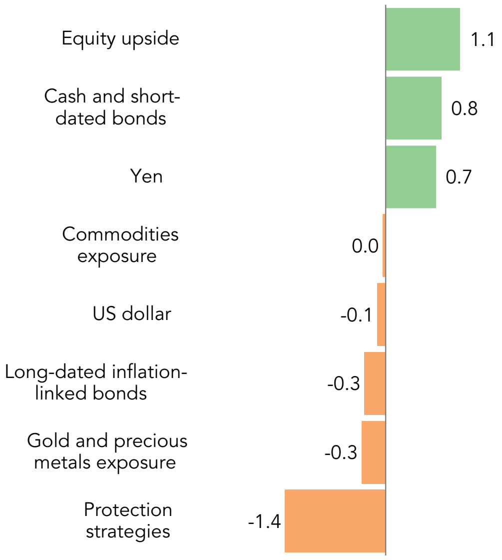
Performance contributions for six months

The performance drivers over the second half of the period look like the first: derivative protections cost almost 1.4% as equity markets continued to make new all-time highs and credit spreads narrowed to pre-GFC levels, but with equities delivering an equal and opposite return to offset the losses. In contrast to the first half of the year, Asia ex-Japan equities, one of the largest themes within our growth book, helped us participate in the global rally. A tactical allocation to S&P call options before the US election allowed equity upside exposure to register a 1.1% contribution, despite minimal exposure to US equities. This made up +0.1% of performance over the period and +0.3% over 2024.

In contrast to the full year, the yen was a positive contributor. Yen appreciation started in mid-July ahead of an interest rate hike from the Bank of Japan and continued as markets wobbled in August. Despite giving up much of those gains into year end, we had taken profits in some of our contingent yen exposure against the US dollar and Swiss franc so that, overall, the currency contributed +0.7 % in the second half of the year.

Another contrast to the 12 month period was in precious metals (where gold and precious metals exposure detracted -0.3%) and in commodities where oil failed to perform despite the ongoing geopolitical tensions, and contributions from both our copper and brent exposures were flat. Finally, over the six month period, the moves in the long dated inflation-linked bonds were more muted, though they still cost the portfolio -0.3%.

PERFORMANCE ATTRIBUTION 30 JUNE 2024 TO 31 DECEMBER 2024 (SIX MONTHS)



Source: Ruffer Investment Company

Portfolio statement

as at 31 December 2024 (unaudited)

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
Government bonds 45.16%				
(30 Jun 24: 51.50%)				
Long-dated index-linked gilts				
UK index-linked gilt 0.125% 10/08/2048	GBP	2,872,000	2,745,447	0.29
UK index-linked gilt 0.125% 22/03/2051	GBP	2,921,000	2,478,918	0.27
UK index-linked gilt 0.125% 22/11/2054	GBP	2,933,000	2,594,284	0.27
UK index-linked gilt 0.375% 22/03/2062	GBP	8,461,000	8,692,225	0.93
UK index-linked gilt 0.125% 22/11/2065	GBP	9,083,000	7,258,386	0.78
UK index-linked gilt 0.125% 22/03/2068	GBP	14,447,000	11,748,468	1.26
UK index-linked gilt 0.125% 22/03/2073	GBP	17,192,000	11,989,981	1.28
Total long-dated index-linked gilts			47,507,709	5.08
Short-dated bonds				
Japan 0.005% 01/05/25	JPY	5,835,250,000	29,640,664	3.17
Japan 0.005% 01/06/25	JPY	6,255,300,000	31,762,264	3.40
Japan 0.005% 01/08/25	JPY	7,331,950,000	37,198,941	3.98
Japan 0.005% 01/09/25	JPY	7,295,700,000	37,000,564	3.96
Japan 0.005% 01/12/25	JPY	4,000,000,000	20,257,161	2.17
US Treasury index-linked bond 0.125% 15/04/2026	USD	12,600,000	11,823,620	1.26
US Treasury index-linked bond 0.125% 15/10/2026	USD	13,200,000	11,842,053	1.27
US Treasury index-linked bond 0.125% 15/04/2027	USD	13,800,000	11,813,217	1.26
US Treasury index-linked bond 1.625% 15/10/2027	USD	13,900,000	11,762,802	1.26
US Treasury floating rate bond 31/07/2025	USD	11,900,000	9,507,830	1.02
US Treasury floating rate bond 31/01/2026	USD	59,439,000	47,537,428	5.07
US Treasury floating rate bond 30/04/2026	USD	71,402,000	57,044,014	6.10
US Treasury floating rate bond 31/07/2026	USD	72,019,000	57,578,949	6.16
Total short-dated bonds			374,769,507	40.08
Total government bonds			422,277,216	45.16

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
Equities 30.06%				
(30 Jun 24: 24.24%)				
Europe				
Accor	EUR	53,336	2,074,742	0.22
AIB	EUR	679,340	2,993,368	0.32
Arcelormittal	EUR	310,000	5,748,531	0.61
Banco Santander	EUR	553,689	2,038,822	0.22
Bayer	EUR	340,586	5,439,230	0.58
Canal+	GBP	258,635	525,029	0.06
Dassault Aviation	EUR	7,655	1,249,124	0.18
Deutsche Post	EUR	60,993	1,712,952	0.13
Groupe Danone	EUR	30,521	1,637,552	0.18
Havas	EUR	856,246	1,140,717	0.12
Heineken	EUR	40,048	2,274,634	0.24
JDE Peet's	EUR	156,492	2,140,515	0.23
Louis Hachette	EUR	258,635	323,031	0.03
Nestle	CHF	25,409	1,676,309	0.18
Orange	EUR	150,790	1,200,830	0.13
Prosegur Cash	EUR	987,877	447,140	0.05
Roche	CHF	12,000	2,697,781	0.29
Ryanair ADR	USD	57,871	2,015,035	0.22
Smurfit Westrock	GBP	140,447	6,061,693	0.65
Stellantis	EUR	94,482	979,611	0.10
TUI	EUR	207,890	1,436,737	0.15
Vallourec	EUR	115,892	1,574,156	0.17
Vivendi	EUR	258,635	550,656	0.06
Yara International	NOK	24,830	522,827	0.06
Total Europe equities			48,461,022	5.18

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
United Kingdom				
Aberforth Smaller Companies	GBP	270,000	3,942,000	0.42
Admiral	GBP	122,951	3,249,595	0.35
BAE Systems	GBP	110,300	1,266,244	0.14
Balfour Beatty	GBP	294,430	1,339,068	0.14
Barclays	GBP	402,290	1,078,942	0.12
Barratt Redrow	GBP	657,150	2,892,117	0.31
Beazley	GBP	275,891	2,252,650	0.24
BP	GBP	5,678,557	22,316,729	2.39
British American Tobacco	GBP	201,195	5,792,404	0.62
Castings	GBP	750,000	1,905,000	0.20
Conduit	GBP	262,960	1,230,653	0.13
Deliveroo	GBP	797,440	1,129,972	0.12
Glencore	GBP	607,570	2,147,152	0.23
JD Sports	GBP	1,351,093	1,294,347	0.14
Jet2	GBP	117,444	1,859,139	0.20
Marks & Spencer	GBP	275,982	1,036,312	0.11
PRS REIT	GBP	2,870,000	3,088,120	0.33
Prudential	GBP	1,988,554	12,726,792	1.36
Reckitt Benckiser	GBP	122,464	5,917,460	0.63
Rio Tinto	GBP	78,000	3,683,940	0.39
Rolls-Royce Holdings	GBP	272,994	1,552,244	0.17
RS Group	GBP	197,225	1,340,144	0.14
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	8,812,245	22,292,337	2.39
Science Group	GBP	355,800	1,586,868	0.17
Shell	GBP	98,718	2,444,258	0.26
Unilever	GBP	63,969	2,908,670	0.31
Vodafone	GBP	1,953,700	1,334,377	0.14
Total UK equities			113,607,534	12.15

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
North America				
Academy Sports	USD	3,346	153,826	0.02
AGNC Investment	USD	677,800	4,982,231	0.53
Alpha Metallurgical Resource	USD	1,195	191,290	0.02
Amazon	USD	344,958	7,878,785	0.85
Archer Daniels Midland	USD	56,870	2,295,065	0.25
Atkore	USD	2,466	164,341	0.02
Bank of America	USD	110,779	3,891,781	0.42
Best Buy	USD	2,271	155,791	0.02
Blue Bird	USD	3,646	112,474	0.01
Bunge Global	USD	5,530	343,350	0.04
CF Industries	USD	21,613	1,474,022	0.16
Cheesecake Factory	USD	13,369	506,518	0.05
Cigna	USD	17,697	3,906,461	0.42
Citigroup	USD	147,893	8,319,867	0.90
Coca Cola	USD	280	280,915	0.03
Consol Energy	USD	2,522	215,164	0.02
Copa Holdings	USD	3,920	275,145	0.03
Corteva	USD	32,995	1,500,930	0.16
CoStar	USD	10,640	608,170	0.07
Coty A	USD	138,300	767,965	0.08
Deere	USD	10,800	3,655,743	0.39
Dorman Products	USD	1,703	176,192	0.02
Exelixis	USD	5,680	151,122	0.02
Exxon Mobil	USD	17,521	1,506,700	0.16
First Solar	USD	1,559	219,526	0.02
Fox	USD	12,578	488,006	0.05
Gates Industrial	USD	14,954	245,768	0.03

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
General Electric	USD	8,000	1,066,219	0.11
General Motors	USD	3,098	131,856	0.01
Gilead Sciences	USD	3,594	265,185	0.03
Gulfport Energy	USD	2,427	357,011	0.04
H&R Block	USD	4,068	171,775	0.02
Harmony Biosciences	USD	3,837	105,490	0.01
Herc	USD	981	148,208	0.02
Hewlett Packard	USD	20,965	357,624	0.04
Incyte	USD	4,087	225,575	0.02
Jazz Pharmaceuticals	USD	3,000	294,799	0.03
KB Home	USD	2,187	114,854	0.01
Lennar	USD	1,210	131,828	0.01
Livanova	USD	8,806	325,546	0.03
Maximus	USD	6,995	417,151	0.04
Merck	USD	3,710	294,909	0.03
Mosaic	USD	59,251	1,163,149	0.12
Nextracker	USD	5,522	161,213	0.02
Noble	USD	19,700	494,074	0.05
Nutrien	USD	36,218	1,294,658	0.14
Owens Corning	USD	1,561	212,598	0.02
Pagseguro Digital	USD	34,923	174,671	0.02
Pfizer	USD	153,181	3,249,405	0.35
Philip Morris International	USD	15,805	1,519,255	0.16
Pilgrim’s Pride	USD	9,498	344,299	0.04
PNC Financial	USD	6,300	971,476	0.10
Pulte	USD	1,493	129,928	0.01
Revelyst	USD	3,855	59,199	0.01
Stride	USD	2,003	166,437	0.02

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
Suncor Energy	CAD	69,791	1,985,607	0.21
Taylor Morrison	USD	2,555	124,953	0.01
TD Synnex	USD	4,417	413,997	0.04
Toll Brothers	USD	1,173	117,993	0.01
United Therapeutics	USD	585	164,745	0.02
Ziff Davis	USD	7,473	324,570	0.03
Total North America equities			61,947,405	6.62
Asia (ex-Japan)				
Alibaba Group ADR	USD	150,000	10,161,793	1.09
iShares China	EUR	9,581,715	33,696,557	3.60
Samsung Electronics	KRW	44,638	1,281,112	0.14
Taiwan Semiconductor Manufacturing	USD	20,000	3,157,079	0.34
Total Asia (ex-Japan) equities			48,296,541	5.17
Other				
AMBEV ADR	USD	1,836,047	2,713,876	0.29
Renn Universal Growth Trust	GBP	937,500	–	–
Taylor Maritime Investments	GBP	5,000,000	3,800,000	0.41
Tufton Oceanic Assets	USD	2,383,561	2,266,249	0.24
Total other equities			8,780,125	0.94
Total equities			281,092,627	30.06
Commodity exposure 3.28%				
(30 Jun 24: 2.46%)				
Wisdomtree Brent crude oil	USD	283,469	11,423,918	1.22
Wisdomtree copper	USD	532,544	15,475,092	1.65
Yellow Cake	GBP	764,760	3,799,328	0.41
Total commodity exposure			30,698,338	3.28

	Currency	Holding at 31 Dec 24	Fair value £	% of total net assets
Gold and precious metals exposure 6.19%				
(30 Jun 24: 7.56%)				
Barrick Gold	USD	231,592	2,866,219	0.31
Denarius Metals 12% 19/10/2028	CAD	1,800,000	1,250,278	0.13
Newmont	USD	177,710	5,283,309	0.57
WS Ruffer Gold Fund*	GBP	11,080,000	37,855,274	4.04
Wisdomtree Platinum	USD	160,000	10,647,491	1.14
Total gold and precious metals exposure			57,902,571	6.19
Credit and derivative strategies 14.31%				
(30 Jun 24: 12.77%)				
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	137,134,973	79,500,984	5.81
Ruffer Protection Strategies*	GBP	8,658,000	54,292,589	8.50
Total credit and derivative strategies			133,793,573	14.31
Total investments			925,764,325	99.00
Cash and other net current assets			9,304,802	1.00
			935,069,127	100.00

* 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. WS Ruffer Gold Fund and Ruffer SICAV UK Mid & Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.

Appendix

Regulatory performance data

To 31 Dec 24%	†2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
RIC NAV TR	8.9	12.9	0.9	6.0	23.8	15.1	16.5	0.7	3.4	9.5	1.8
FTSE All-Share TR	12.3	22.0	16.8	5.3	-29.9	30.1	14.5	-3.5	12.3	20.8	1.2
Twice UK Bank Rate	9.9	9.7	9.5	11.4	10.2	1.5	1.0	1.0	1.0	1.0	1.0

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Annualised
RIC NAV TR	-1.0	12.4	1.6	-6.0	8.4	13.5	11.4	8.0	-6.2	0.0	6.7
FTSE All-Share TR	1.0	16.8	13.1	-9.5	19.2	-9.8	18.3	0.3	7.9	9.5	7.2
Twice UK Bank Rate	1.0	0.8	0.6	1.2	1.5	0.5	0.2	2.6	9.5	10.7	3.9

† From July 2004