Ruffer Investment Company Limited

Half-yearly financial report
for the period ended
31 December 2021 (unaudited)

Contents

Key performance indicators

	31 Dec 21 %	31 Dec 20 %
Share price total return over six months[1]	2.6	9.1
NAV total return per share over six months[1]	2.8	6.4
Premium of traded share price to NAV	1.8	0.9
Dividends per share over six months[2]	1.55p	0.95p
Annualised dividend yield[3]	1.06	0.7
Annualised NAV total return per share since launch[1]	7.8	7.5
Ongoing charges ratio[4]	1.08	1.09

Financial highlights

	31 Dec 21	30 Jun 21
Share price	293.00p	287.00p
NAV as calculated on an IFRS basis[5]	£708,516,632	£575,851,333
NAV as reported to the LSE	£708,921,258	£575,913,008
Market capitalisation[6]	£721,880,616	£587,541,854
Number of shares in issue	246,375,637	204,718,416
NAV per share as calculated on an IFRS basis[5]	287.58p	281.29p
NAV per share as reported to the LSE	287.74p	281.32p

1 Assumes reinvestment of dividends. See appendix for Alternative Performance Measures (APMs).

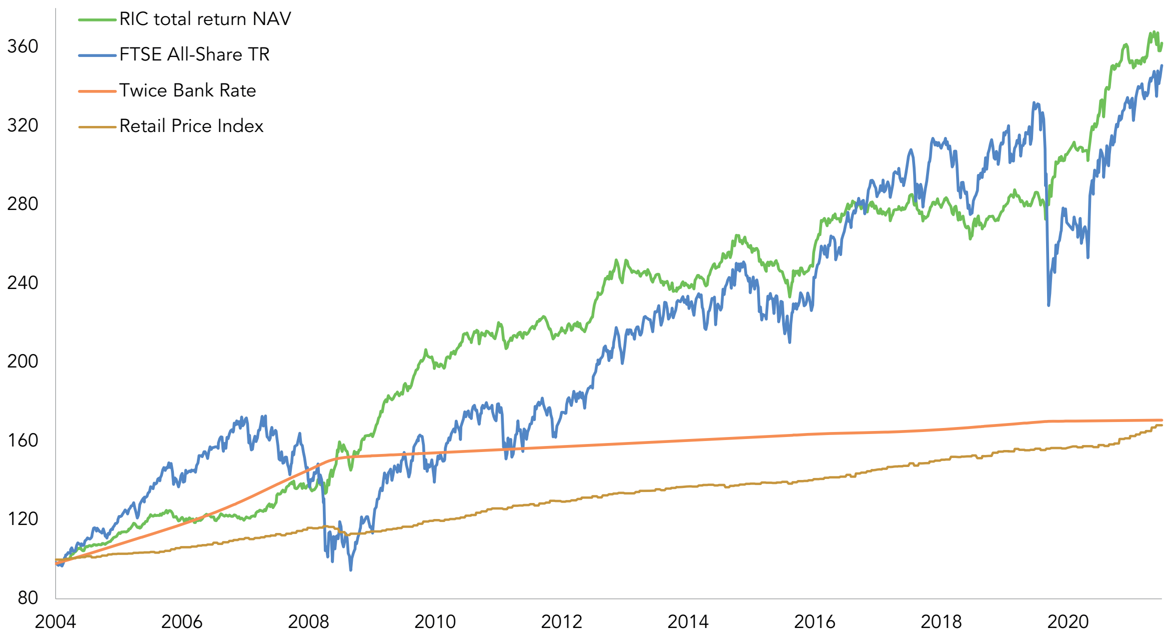
2 Dividends declared during the period.

3 Annual dividend yield is calculated using share price at the period end and dividends declared during the period.

4 See note 7.

5 This is the NAV/NAV per share as per these Financial Statements. Refer to note 12 on page 50 for a reconciliation between this figure and the NAV/NAV per share as reported to the LSE. See appendix for Alternative Performance Measures (APMs)

6 See appendix for Alternative Performance Measures (APMs).



Source: RAIFM Ltd, FTSE International (FTSE)†, Bloomberg. Data to 31 December 2021. All figures include reinvested income. Ruffer performance is shown after deduction of all fees and management charges. Performance data is included in the appendix.

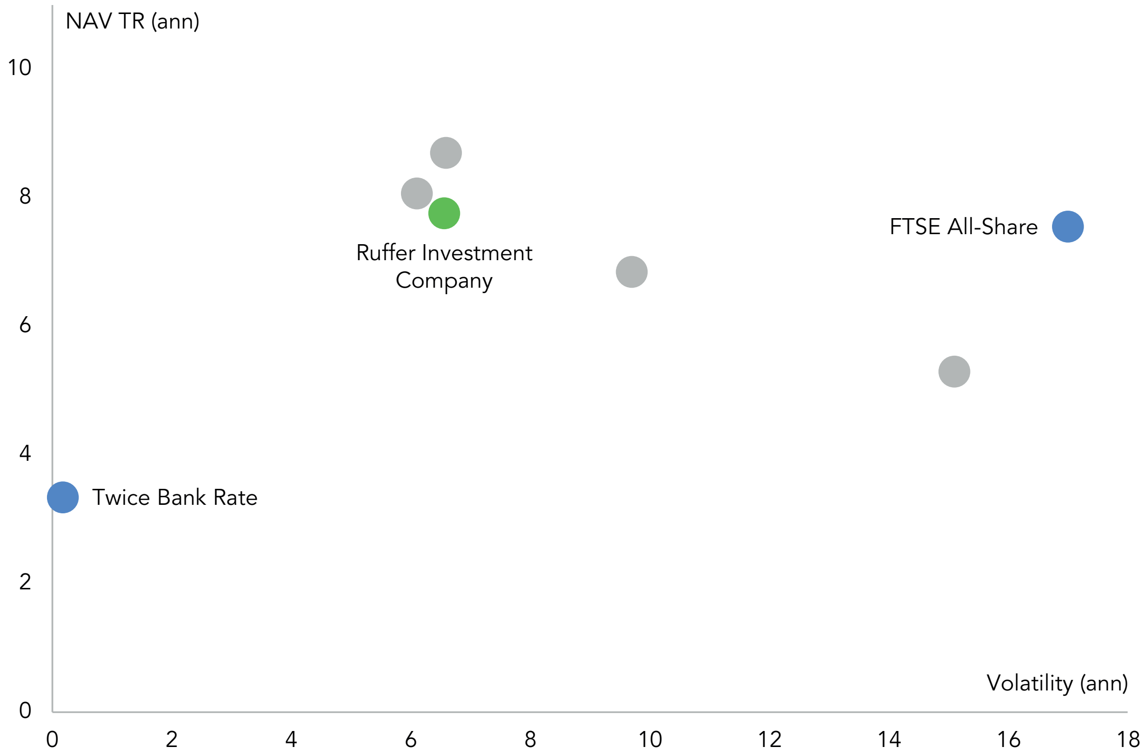
Chairman's review

The net asset value (NAV) total return of the Ruffer Investment Company Limited (RICL or 'the Company') over the six months to 31 December 2021 was 2.8%. The share price total return of 2.6% reflected a modest decline in the share price premium to NAV over the period.

The calendar year NAV and share price total returns were 11.4% and 12.7% respectively. The compound annualised NAV total return to 31 December 2021 since the Company's launch in July 2004 was 7.8% pa. This is well above both the Company's objective of 3.2% pa and the 3.1% pa for the Retail Price Index (representing a 40% fall in the value of money) over the period since inception.

Uncertainty has been a continuing back-drop to investment and the Company's aim of capital protection and a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate has never been more relevant. The chart below shows the annual total return and volatility of the Company's NAV since launch against: a) the Company's objective; b) the FTSE All Share Index and c) four of the most comparable investment companies within the AIC Flexible Investment sector. Kepler, a company which analyses funds, refers to these funds as 'Protective Diversifiers'.

NAV total return versus volatility, July 2004 – 31 December 2021



Source: Ruffer, Morningstar. Constituents: Personal Assets, Capital Gearing, Aberdeen Diversified Income & Growth, BH Macro.
Volatility is not a complete measure of risk but provides a basis for comparison.

The Company has continued to provide among the highest returns per unit of risk of all the comparators. Relative to a risk-free investment, the return has been over twice that of the FTSE All-Share Index since launch in 2004. In terms of the Sortino Ratio, which only measures the downside element of volatility, the Company has generated three times more excess return per unit of risk than an investment in the UK stock market.

July 2004 to 31 December 2021	Sharpe ratio	Sortino ratio
Ruffer Investment Company Limited	0.94	2.11
FTSE All-Share Total Return	0.44	0.70

FTSE All-Share index in GBP. Source: Factset. Ruffer Investment Company data is Total Return NAV. All data measured to 31 December 2021.

Earnings and dividends

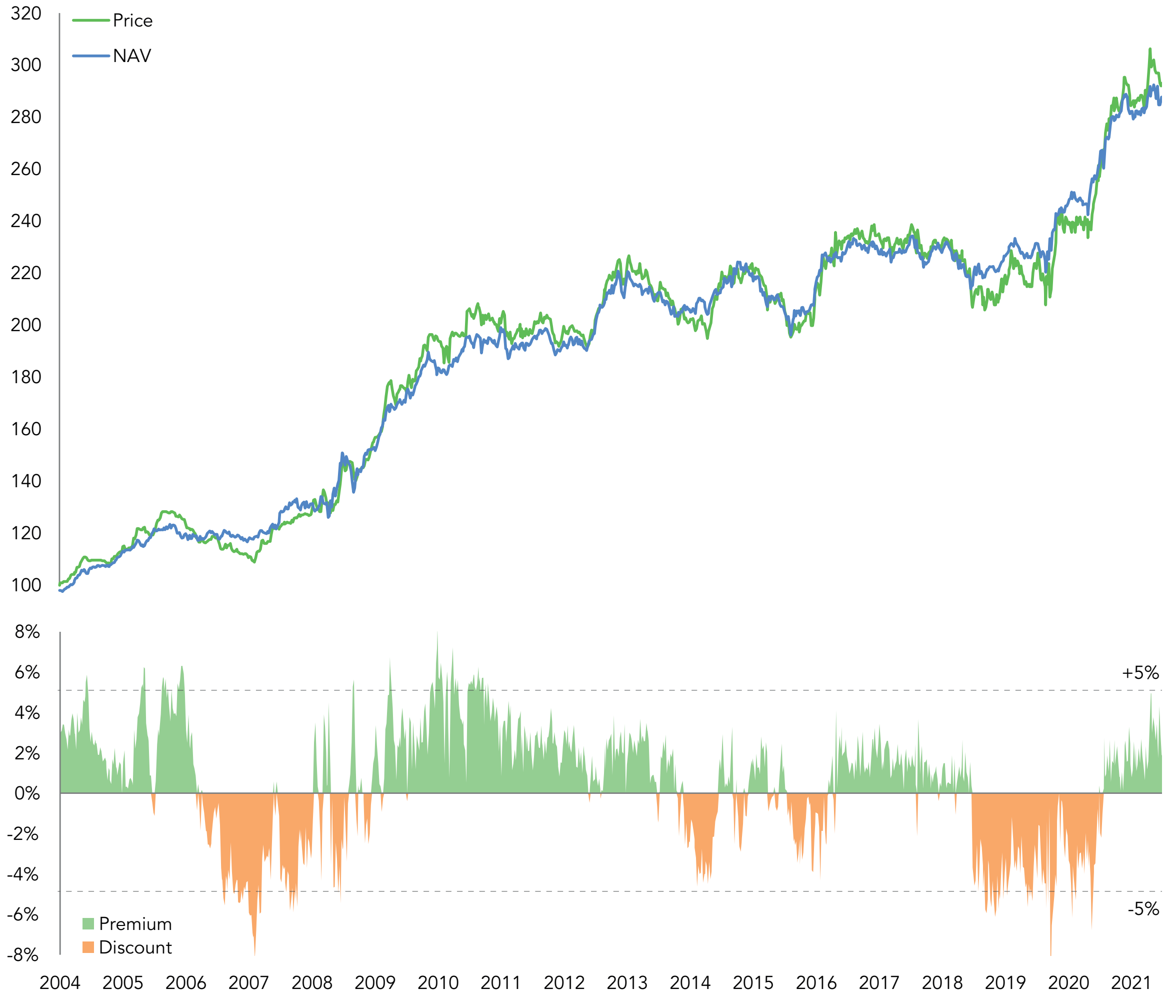
Earnings per share for the half year were 1.98p on the revenue account and 4.98p on the capital account. Investment strategy remains focussed on capital preservation through long-term total return where income is an element of total return but not an objective. To be marketed to a UK retail client base, the Company must distribute at least 85% of revenue earned in a year but the undistributed balance, if any, is credited to reserves. The capital and income reserves at the end of December 2021 were £231,490,991 and £7,337,625 (before the dividend of 1.5p declared in respect of the period) respectively.

Premium/Discount Management

Investment Companies such as RICL offer shareholders the ability to invest in, and disinvest from, an interest in liquid or illiquid assets without affecting the price of those assets. This helps to ensure manager control of the Company's portfolio by avoiding either un-planned dilution of assets, through unpredictable investor inflows, or the forced sale of underlying assets to finance outflows. Good share price liquidity enables easy purchase and sale of the Company's shares without disturbing the underlying portfolio and thereby provides shareholders with flexibility in the management of their own wealth.

The cost of share price illiquidity can partly be measured by the extent to which the share price of the Company varies from the net asset value per share. This is described as a premium or discount to NAV. Since RICL was launched in July 2004, the NAV per share has been calculated and published on a weekly basis. The NAV progression is shown in the chart below against the share price. The lower section shows the pattern of premium and discount.

Share price premium and discount to NAV



Source: Ruffer Investment Company Limited, data to 31 December 2021

In nearly two-thirds of the weekly periods since launch, the share price has traded at a premium to NAV. The average has been a premium of 2.4%. In the remaining periods the share price has traded at a 3.0% average discount to NAV.

The premium or discount has been less than 5% in nine out of every ten weekly periods since the fund was launched. Increasing share price liquidity through share issuance during 2021 has helped to contain the premium to close to NAV.

Share buy-back and issue

A year ago, in the Chairman's statement of the interim report for the period ended 31 December 2020, I explained in some detail the reasoning behind annually seeking shareholder permission to buy back shares when the discount of share price to NAV is perceived to be excessive and temporary.

I also explained the important distinction between a buy-back of shares, which is a Company purchase in the market from whomever is selling at the time, and a Redemption Facility (Tender Offer) which is made to all shareholders equally. The Company has not yet bought back shares and the opportunity has only arisen fleetingly during the covid-19 pandemic. The only time the Redemption Facility has been used was in 2007, when it was successful in reducing the discount. It is still in place and can be operated annually in November each year at the discretion of the Directors.

From January 2021 to the end of the calendar year, the Company's share price stood at a premium to NAV as a result of continuing excess demand for the shares from both existing and new shareholders. The Company held EGMs in May and September 2021 to extend the authority to issue shares on a non-pre-emptive basis. This authority was further extended at the AGM in December 2021. More than 92% of shareholders voted in favour on each occasion.

In addition to shareholder authority to issue shares there are regulatory 'Prospectus Rules' which limit to 20% the aggregate number of shares which can be issued by tapping into the market over the preceding twelve months. The Company issued a prospectus in November 2021 to re-set the Company's 20% capacity.

A prospectus is also needed to allow shares to be offered directly to retail investors, so the opportunity was taken to make an offer to existing and new institutional and retail investors at the same time as re-setting capacity. The Company values its retail investor base and, given that tap shares are only able to be acquired by institutional investors, the offer provided the Company's retail investor base and other private investors in the UK, Guernsey, Jersey and the Isle of Man with the opportunity to participate in the issue.

From January 2021 to end December 2021, 65,587,221 new shares were issued at a premium to NAV, adding 0.9p to the NAV per share and raising £189.9 million of new capital for the Company which has been easily absorbed by the underlying portfolio. This has restrained the share price premium to NAV thereby allowing long-term investors continuing access to the Company's net assets at reasonable prices. Since issuance began at the beginning of 2021, enhanced share price liquidity has been reflected in a significant and sustained increase in the monthly average trading volume in RICL shares.

Responsible investing

Ruffer LLP met with the Financial Conduct Authority (FCA) in 2021 to discuss their recently proposed sustainable finance and climate disclosure regulations.

Given the proposed mandatory disclosures are based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Manager gave feedback based on its own recent experience of voluntarily producing a TCFD climate report. This covered the challenges of analysing climate data across asset classes where gaps occurred, the reliance on estimates, the importance of providing additional context (besides headline data) to ensure investors are given the full picture of a firm's activity and climate considerations, and lastly the practicality and need for tools to integrate climate risks into existing risk management processes.

Ruffer AIFM Limited ('the Investment Manager' or 'the Manager') endorsed the proposal's support of active stewardship but suggested further emphasis on the importance of engagement, rather than disinvestment, to address climate risk more directly in the real economy and to report on climate transition plans. The risk of investment 'greenwashing' was also highlighted, with potential for investors to become misled by the relevance and materiality of specific climate metrics.

Practical examples of the Manager's own ESG engagement in 2021 are detailed in the Ruffer ESG report, which is published on the Ruffer website, and these include a number of meetings involving companies in the RICL portfolio.

One such meeting was with the chairman of Barclays Bank. The conclusion was to support and subsequently monitor the Bank's plan in respect of providing financial services to certain business sectors. The business also understood the need to set and publish interim targets to achieve its ambition to be net-zero by 2050.

A meeting with Mitsubishi UFJ Financial Group (MUFG) was held to discuss the execution of their climate change plans. An objective of the meeting was to ensure alignment of the company's lending and investment activities with its 1.5 degrees target by 2050. MUFG has committed to reporting its TCFD data and scenario analysis, which have only so far been published internally. The company has now appointed a dedicated Chief Sustainability Officer and intends to expand this resource in future.

A meeting with Toyota Industries on board structure and practices, however, was less satisfactory. While the company acknowledged flaws in its governance structure, it had very little intention to adjust the relationship with Toyota Group companies and make further improvements. Since the meeting, the Manager has sold the position in Toyota Industries, with the lack of progress towards improving corporate governance being a key consideration in this decision.

Board matters

October 2021 saw the first time that the current Board was able to meet physically together with the Manager for the annual visit to meet the various Ruffer teams who support the Company. The ground we covered included the following

- business development
- product and personnel matters including remuneration structures
- investment strategy and risk work applied to RICL
- ESG processes including the translation between macro and micro, how ESG feedback loops and factor analysis are integrated in to the investment decision making process, especially given RICL's exposure to oil companies and equities in other countries which may have different governance cultures
- the nature of and response to Ruffer-wide cyber threats and the nature and extent of protection against infection.

While the Board regularly meets the two individuals responsible for the day-to-day management of RICL, Hamish Baillie and Duncan MacInnes, the RICL portfolio is effectively a slice of Ruffer LLP's overall investment strategy. The annual meeting with the broader Ruffer team enables the Board to understand better the input that team provides and the link between your day-to-day portfolio managers and Ruffer LLP's specialist functions.

During November 2021, a prospectus and offer document were prepared for new share issuance which involved more than usual Board engagement. There was excellent and seamless teamwork involving the Manager, reporting accountant, administrator, broker, lawyer and the Board.

Board succession planning remains a continuing process. David Staples and Jill May have indicated that they wish to retire from the Board in December 2022 for personal reasons and there will be time enough yet to thank them for their contribution to the Company. The Board has assessed and appointed recruitment agents to help find their successors. Meanwhile I am delighted that Nicholas Pink has agreed to take on Jill's role as Senior Independent Director and Shelagh Mason to succeed Jill as chair of the Management Engagement Committee.

Having engaged an external party for Board evaluation in 2021, it was agreed that Board remuneration should also be externally evaluated. This is especially the case given that, on a recent occasion, at least one potential Board candidate declined to continue discussion in the light of the level of proposed remuneration. Trust Associates has been engaged for an in-depth review of time involved, responsibility, complexity, experience and peer group comparison.

Communication with shareholders

The Manager has continued, through thought pieces, monthly fact sheets, webinars and other forms of communication, to communicate regularly with shareholders on the investment thinking which drives RICL's investment strategy. Shareholders can sign up to this information on the Ruffer website.

In November 2021, the Manager held an investment seminar at their offices in London to which shareholders were invited with a number of RICL Directors in attendance. This was followed later in the week by the usual AGM in Guernsey in December 2021.

One of the resolutions at the December 2021 AGM concerned shareholder meetings in future. Given the issues with the covid-19 pandemic, the Board discussed in 2021 how to open the AGM virtually to all shareholders who had internet access. To hold a full virtual or hybrid meeting needed a change to the Articles which was proposed in the resolutions in the December 2021 AGM. One of the voting agencies gave only qualified support for this proposal but it was passed with a 99.5% majority of the shareholders who voted.

Virtual AGMs have so far had a mixed response and incurred added expense. The Board agreed that, if the resolution on change in the Articles were to be passed, we would canvas shareholders for their views before pressing the virtual button. The Manager canvassed a number of shareholders with various options (all of which maintained voting by proxy in the usual way).

The overwhelming majority opted for the format we used in November/December 2021, where shareholders had the opportunity to meet in person with the Manager and some of the Directors at the seminar and the AGM followed a few days later. The period between the notice of AGM, investment seminar and actual AGM allowed sufficient time for specific questions on investment or company matters to be addressed in person and voted on by proxy if physical attendance in Guernsey was impractical. It was decided to continue this format for 2022 but keep all options under review.

The future

Your Manager was early to believe that a new regime of more persistent (rather than temporary) and malign inflationary pressures had begun. It is a view which was recently echoed by a former Governor of the Bank of England, Lord King, when he spoke of his concern that central banks continue to believe in the policy of forward guidance on interest rates, flexible inflation targeting, a pretence that money is unrelated to inflation and that monetary stimulus can solve all problems. Lord King's view, in the context of a future world of radical uncertainty and non-stationarity (invalidating the models which are based on the assumption that the economic structure remains unchanged over long periods of time), is that 'the current scale of monetary expansion cannot persist for long without inflationary consequences'.

After a long period of low and relatively steady rates of inflation, economic growth and interest rates, the forces which created this environment have changed. Central banks are only just beginning to react. As Yogi Berra, the legendary baseball player, once said: 'the future ain't what it used to be'. A future period of radical uncertainty and the potential for a degree of un-anticipated inflation not seen for more than forty years implies volatility both in the underlying economic environment and in financial markets.

Behavioural finance identifies a psychological condition known as 'ambiguity aversion', which translates into extreme caution by investors during periods of radical uncertainty. These, however, are the very conditions which the Ruffer investment philosophy is designed to weather. The 'all-weather' strategy which the Manager applies to the RICL portfolio continues to aim to protect against a number of different scenarios, including the potential tail risk of more extreme outcomes. Geopolitical conflict, such as a Chinese invasion of Taiwan or the full-scale Russian invasion of Ukraine and pressure on other neighbouring states, are obvious extreme risks, but the portfolio has not only weathered recent market volatility created by potential conflict, it has increased in value.

The Manager concludes that there is no one asset and no single strategy which can guarantee success. As the wealth warning says, past performance is no guide to the future, but your Board remains confident that the regret-minimising and flexible strategy adopted for your Company will continue, in the new environment, to provide shareholders of RICL with a core diversifying component of their portfolio as well as both absolute and real protection of wealth.

Christopher Russell

25 February 2022

Investment Manager's report

Performance review

The NAV total return for the six months to 31 December 2021 was 2.8% and the share price total return was 2.6%.

The calendar year share price total return of 12.7% and the NAV total return of 11.4% mark three consecutive years of good returns for shareholders (+37% in NAV total return performance over 2019-2021). The annualised NAV total return since inception of the Company in 2004 is 7.8%, which is ahead of UK equities with a much lower level of volatility and drawdowns.

Performance contributions for the six months to 31 December 2021

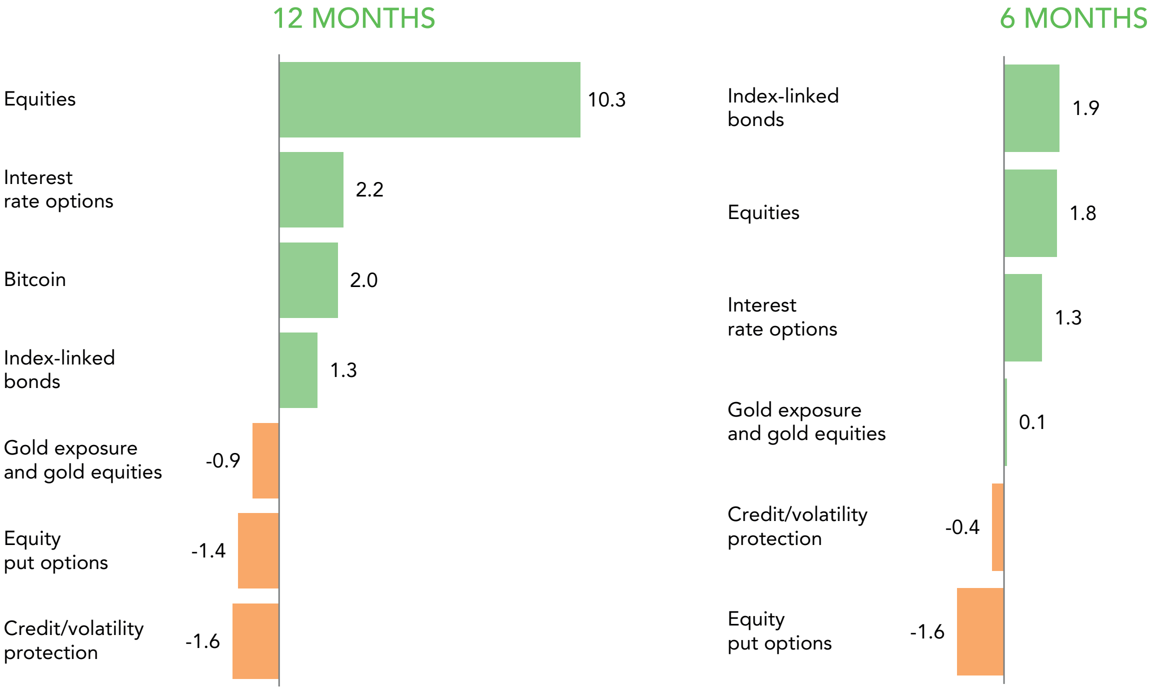
In the six months to 31 December 2021 the largest contributor to performance was index-linked bonds, which added 1.9% (see chart below). This return was boosted by some active trading and duration management during the period. Purchases were made of long-dated index-linked gilts in June and these were trimmed in August. In November we bought the new 2073 issue and then reduced other long dated index-linked bonds in December. The long-dated gilts rose more than 10% over the six months.

This was a period of rising inflation and interest rates and thus it was crucial we had interest rate protection to offset the portfolio duration. This added 1.3% to performance. Gains in equities (+1.8% contribution) were almost entirely offset by the increased use of equity put protection which cost 1.6%.

Standout contributions came from Marks & Spencer (+54%) and Tesco (+29%) as private equity bid for Morrisons and Asda.

The period was characterised by a rotation within rising markets back towards 'old regime' trades of growth and quality outperforming value. Bond yields behaved in a more benign fashion.

KEY PERFORMANCE CONTRIBUTIONS IN 2021,%



Source: Ruffer Investment Company Limited

Performance contributions for 2021

For the calendar year 2021 the key driver of returns was equities. With an average of 40% of the portfolio in equities through the year and a contribution of 10.3%, it can be inferred that the average equity rose by more than 20%. Since the summer of 2020 we have been increasingly focusing the portfolio on stocks which will benefit from recovery, re-opening and cyclical growth. These stocks have also tended to be 'value' in nature. They have been the best performing part of equity markets.

Energy stocks (BP, Royal Dutch Shell, Equinor and Chesapeake Energy) contributed handsomely, adding 2.0% to performance and rising around 40% on average – they remain key portfolio holdings. UK and European banks (Lloyds, NatWest, Barclays, Unicredit and Banco Santander) added 1.8% to performance with the standout being the Italian bank, Unicredit, rising 59% since purchase in April 2021.

Idiosyncratic opportunities were aplenty in the aftermath of covid disruption. Europcar Mobility (+70%) was purchased in April and bid for at a large premium by Volkswagen in July. It is a rare situation where the acquiror and the acquiree are both in the portfolio but Volkswagen (+19%) and

General Motors (+40%) both also grew profits handsomely. The two UK listed shipping companies – Tufton Oceanic Assets (+58%) and Taylor Maritime Investments (+46%) – took full advantage of the boom in charter rates because of supply chain chaos. It says more about the buoyant market than our stock picking genius that it is hard to find a stock we lost a meaningful amount of money in.

On the protective side of the portfolio, equity puts were a drag on performance, costing 1.4% over the 12 months. However, we remain positioned here to guard against the sky-high valuations and the resulting risk of a market sell-off.

Ruffer Multi-Strategies Fund added 0.4% for the year. In simple terms this amounts to a contribution of 2.0% from bitcoin and losses of 1.6% from credit protection.

Gold exposure cost the portfolio 0.9% over the year. The safe-haven characteristics of gold failed to fully materialise during the covid crash, and with the growing interest in cryptocurrency potentially usurping gold's position as an inflationary hedge, the perception of this asset class has changed. While the 'barbarous relic' appears to lack many allies, we have maintained our interest, along with our conviction of its protective qualities.

Portfolio changes

We continue to actively manage the duration of the portfolio using interest rate options to protect the portfolio against rising interest rates and bond yields.

Profits have been taken in equities to keep the overall weighting close to 40%.

We have reinforced the unconventional protections in the portfolio by adding to Ruffer Multi-Strategies Fund and Ruffer Protection Strategies.

ASSET ALLOCATION

	%
Long-dated index-linked gilts	12.4
Index-linked gilts	10.8
Cash	9.3
Non-UK index-linked bonds	8.4
Gold exposure and gold equities	7.6
Illiquid strategies and options	6.2
Short-dated bonds	3.0
UK equities	19.6
North America equities	8.5
Japan equities	7.2
Europe equities	6.1
Asia ex-Japan equities	0.3
Other equities	0.6

Source: Ruffer LLP. Data to 31 December 2021.

Investment outlook

Summary

1 An excess of excesses – it appears that markets have become untethered even from the robust economic growth of the post-covid economy. There are plentiful signs of irrational exuberance.

2 The inflation conundrum – we have transitioned into a new economic regime of higher inflation and volatility and this will force hard decisions upon policymakers.

3 The devil and the deep blue sea – we are resolutely bullish on the prospects for economic growth in 2022, but the delicious irony is that the stronger the economy is, the more vulnerable fragile capital markets look as policymakers will have to press the brakes harder. What the economy needs, markets can't handle.

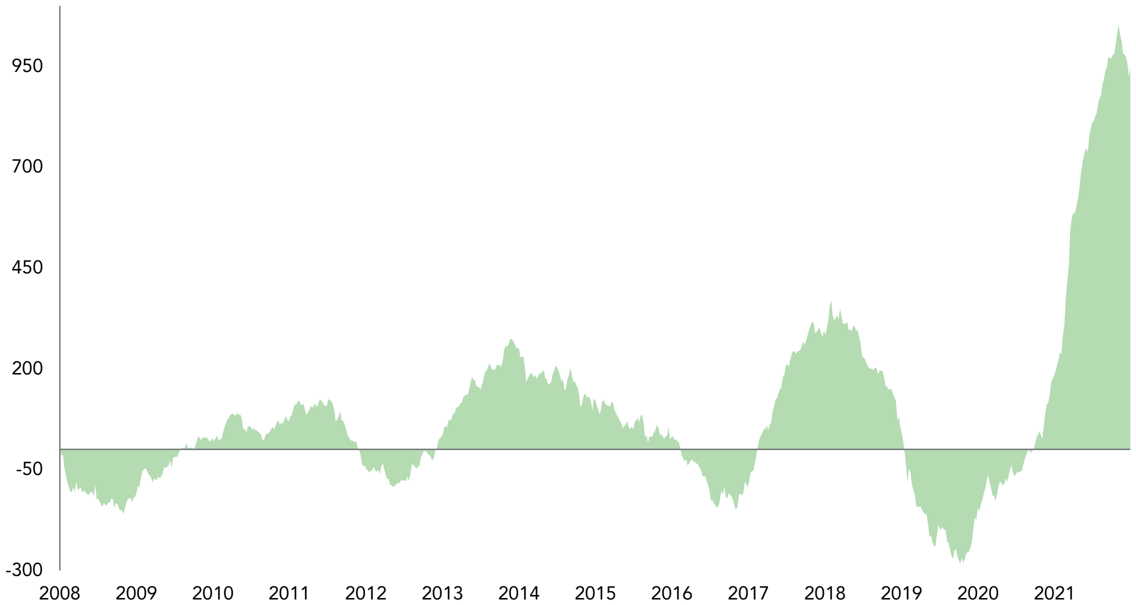
4 Hard choices – given the uncertainty of the journey from here it is essential that investors have an all-weather portfolio with appropriate hedges in place. A resumption of the 'old normal' is the least likely outcome.

An excess of excesses

At Ruffer we always focus on capital preservation and eschewing the mania. A significant source of outperformance has been not owning the frothiest areas of the market when the cycle turns. Today there appears to be a lot of froth. To set the scene it is worth recapping some of the extraordinary things that happened in 2021.

2021 might be remembered as the year investors tumbled down a rabbit hole and entered financial wonderland. The stock market went mainstream in a fashion not seen since the late 1990s. Investors have poured more than US$1 trillion into equity funds in the past 12 months – more than the combined inflows of the past 19 years.

FLOWS INTO GLOBAL EQUITY FUNDS (ROLLING 53-WEEK PERIODS, US$BN)



Source: Goldman Sachs, data to 31 December 2021

Global M&A topped US$5.8 trillion, surging more than 50% and marking the fastest year over year growth since the 1990s.[7] IPO capital raised and stock buyback volumes also broke to record highs.

SPACs (Special Purpose Acquisition Companies), effectively blank cheque shells, were all the rage. In 2021, more than 500 – double the previous record year – underwent their initial public offering, raising just over US$100bn.[8] These were often backed by celebrities (Serena Williams, Andre Agassi, Shaquille O'Neill, and Jay-Z) and operate in hot sectors such as space exploration or electric vehicles.

Celebrities were also courted by cryptocurrency companies flush with cash from their own boom. Matt Damon and Tom Brady starred in high profile television commercials and crypto.com paid US$700m for the naming rights for the LA Lakers stadium.[9] This venture capital tsunami helped cryptocurrencies to a total market capitalisation of US$3 trillion.[10]

Events like the GameStop or AMC short squeezes revealed a tribal, anarchic and often bizarre mix of new participants for whom apps like RobinHood had gamified trading.

7 Financial Times, 30 Dec 2021

8 Reuters, 23 Dec 2021

9 LA Times, 16 Nov 2021

10 Bloomberg, 8 Nov 2021

Billion-dollar start-ups, colloquially known as 'Unicorns' because of their rarity, became customary. 2021 saw more than 300 minted. Of these Rivian, a new electric truck manufacturer, became the first company in history to achieve a US$100bn valuation with less than US$1m of revenue.[11]

The previously arcane world of derivatives was popularised, with the value of options traded surpassing stocks for the first time ever. Tesla alone trades more than US$200bn notional value per day, which is several multiples of the entire UK or European exchanges.[12] Lastly, Elon Musk was named Time magazine Person of the Year – echoing Jeff Bezos in 1999 at the peak of the dot.com bubble (after which the Amazon share price fell more than 90%).

In short, there was an excess of excesses, and this makes us cautious. As venture capitalist Josh Wolfe said "Overloaded with credulity and fuelled by greed. The masses have thrown caution to the wind and diligence to the dogs."

It was the best of times

As you might expect, underneath all these signs of rampant capitalism, the underlying economy is doing well; pent-up demand, strong growth and household net worth at all-time highs have combined with continuing monetary and fiscal stimulus to produce this environment.

The Atlanta Federal Reserve 'NowCast' has US Q4 2021 real GDP at 7%; add 6% CPI inflation and you get a 13% nominal growth rate. The growth picture is similarly robust in Europe and the UK. One would have to go back around 50 years to find a similar surge.

With this backdrop, does the US really need the easiest financial conditions on record? Of course, this is helping us, and many others, make good returns for their investors, but policymakers are still running emergency levels of monetary and fiscal policy support when the economy is firing on all cylinders with a tight labour market.

The Goldman Sachs Financial Conditions Index is a composite including interest rates, equity valuations, borrowing costs and currency data to assess how 'easy' or 'tight' financial conditions are. This offers a broader gauge than the blunt tool of interest rates. As you can see below, the message is clear – we've never had it so easy.

11 The Guardian, 10 Nov 2021

12 Financial Times, 23 Nov 2021

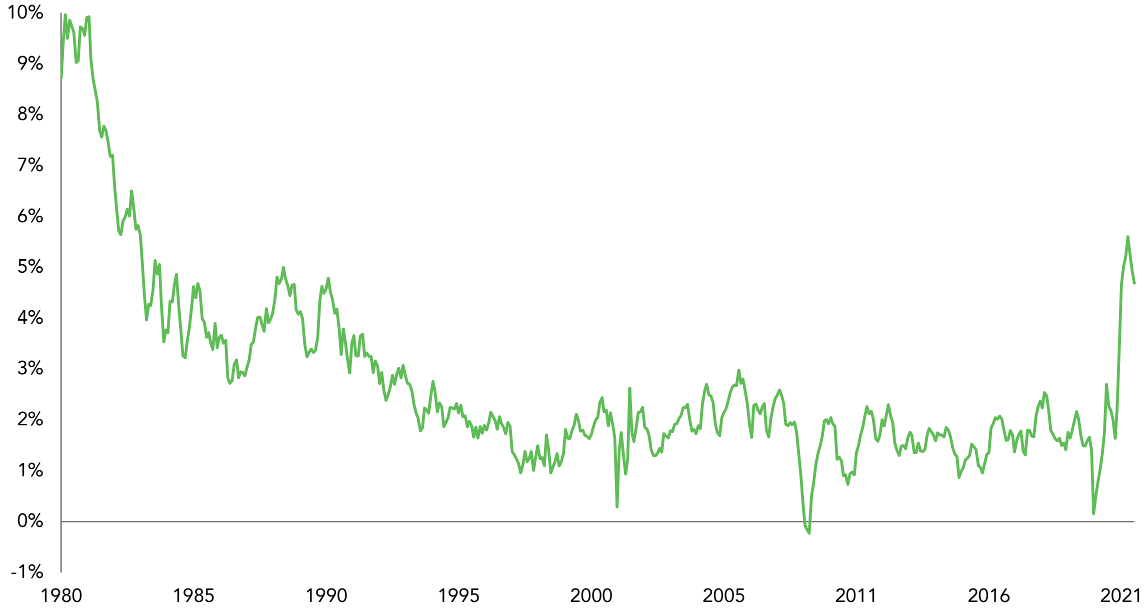
GOLDMAN SACHS US FINANCIAL CONDITIONS INDEX

Source: Goldman Sachs. Data to 30 November 2021

The inflation conundrum

Looking at 2022, the fly in the ointment is inflation – from energy and housing to wages, raw materials, and food. In a nutshell, too much money is chasing too few goods. There is no denying the inflationary impulse has endured longer than many expected. Inflation is currently at its highest level in around 40 years and has made a clear break from the previous trend.

US CORE PERSONAL CONSUMPTION EXPENDITURES (PCE) INFLATION RATE



Source: Bureau of Economic Analysis, % change over the last six months at annual rate. Data to 15 November 2021

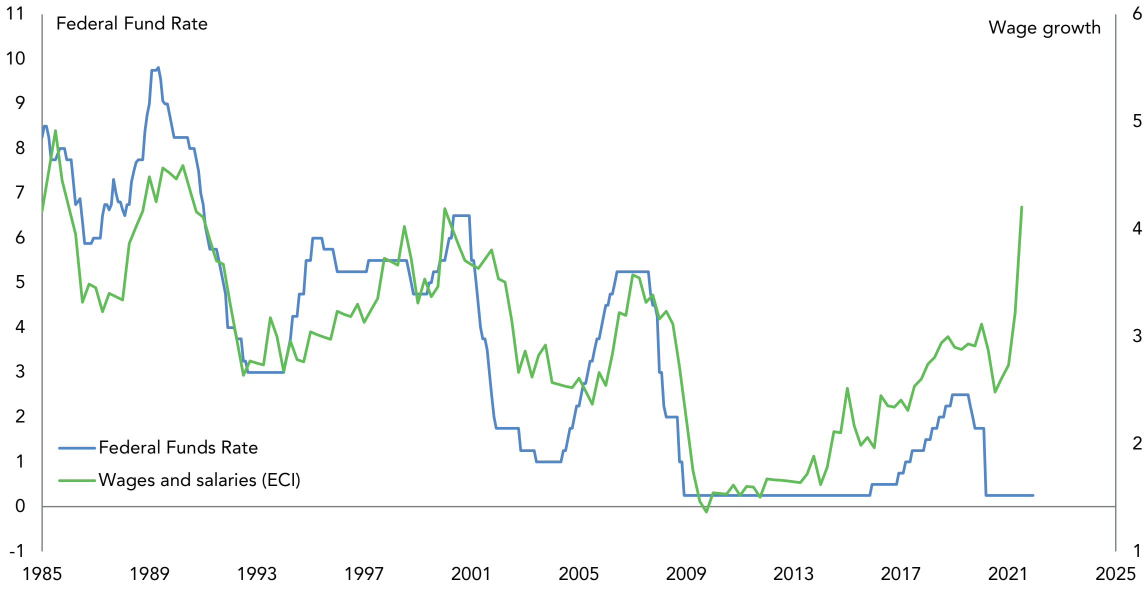
We are now experiencing the common knowledge of inflation; it is dinner party chatter. Everyone knows that everyone knows there is inflation, which makes raising prices or asking for a pay rise that much more palatable. This is how reflexive processes are born and many are risking their credibility by failing to acknowledge it. Former Treasury Secretary and Harvard Professor Larry Summers said, “I believe the gap between the Treasury & Fed statements and the everyday experience of businesses and consumers has perhaps never been wider.”

The Federal Reserve and several administrations have spent a decade post-financial crisis trying to create inflation and now, like tomato ketchup from a glass bottle, they’ve got too much all at once.

The Biden Administration (and others around the world) will struggle to implement their high spending, deficit-fuelled big society, or climate change programs, if inflation stays elevated. Additional stimulus at this point would be like pouring gasoline on a fire. Even the Modern Monetary Theorists confess the only constraint on government spending is the emergence of inflation. Thus, putting this genie back in the bottle is imperative.

Perhaps because of these political pressures, the reaction function of the Federal Reserve is different this cycle. The Fed has moved from pre-emptive to reactive with a lag. They are deliberately behind the curve.

FED FUND TARGET AND WAGE GROWTH



Source: Minack Advisers

The devil and the deep blue sea

If, and it remains an if, inflation in advanced economies persists above 2%, central banks will have to decide between the devil and the deep blue sea. Do they stick with the current run-it-hot strategy, out of concern for financial stability and encouraging a broad and inclusive labour market recovery? Or do they revert to their more traditional policy approach, getting 'ahead of the curve', tightening those easy financial conditions but running the risk of a policy-induced recession, market tremors and the accompanying political fallout?

As former Federal Reserve Chair McChesney Martin once said – "the job of the Fed is to take away the punch bowl just as the party gets going". We believe they are coming under increasing pressure to poop the party. This is relevant because the economic boom and asset prices have floated higher on a sea of abundant liquidity and stimulus.

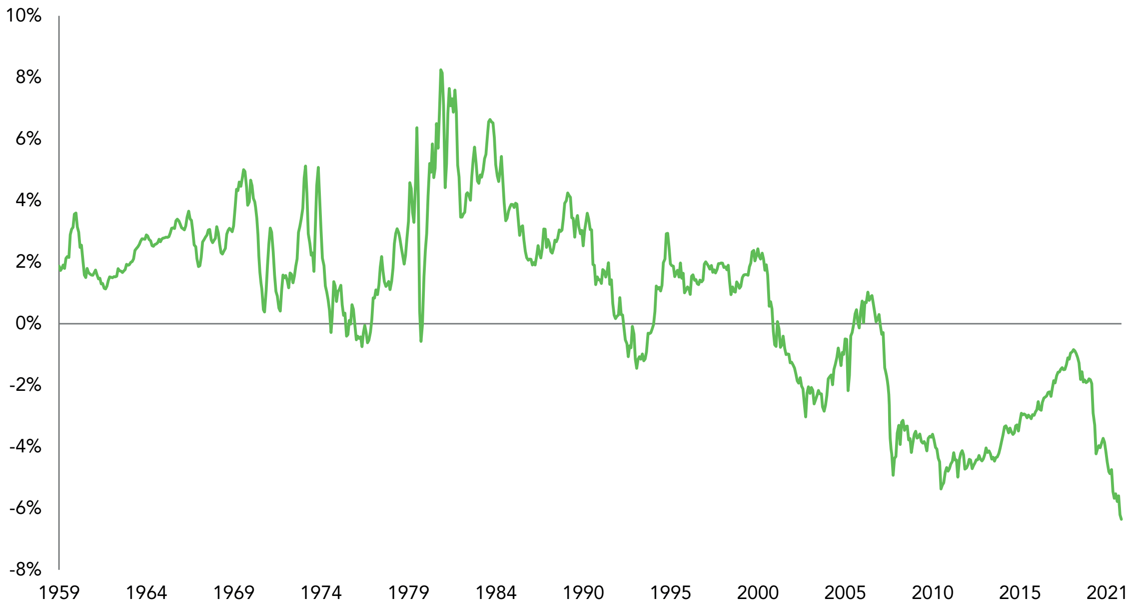
The Fed may have to choose between either financial market pain or inflation pain. To tackle the inflation pain they need to withdraw liquidity and raise rates – but that will almost certainly cause market pain. What the real economy needs today (higher interest rates), financial markets can't stomach. Stock markets are up 40% over two years,[13] yet wealth inequality is at all-time highs in a boiling hot economy.

13 Ruffer LLP, Factset

In reality, tapering amounts to less easing rather than meaningful tightening; interest rates will remain negative in real terms and near multi-century lows. But prices are set at the margin – markets respond as much to flows as they do to the stock – and financial conditions will tighten. Flows and liquidity have been crucial to this bull market, and they may be about to reverse.

Alternatively, if they don't tighten then the inflation pain will continue and will arguably get worse because the economy is strong, inflation is a reflexive phenomenon and policy remains extremely stimulative. The real risk-free rate is around -6% (see chart below). As Jerome Powell famously said before the 2018 market wobble – we are a long way from neutral. The last time the Fed tried to raise interest rates meaningfully the S&P 500 promptly fell 18%,[14] forcing Governor Powell to reverse course.

US REAL RISK-FREE SHORT-MATURITY INTEREST RATE %



Source: US Federal Reserve, Conference Board, NY Fed, University of Michigan, 12m constant maturity US Treasury yield less survey-based estimate of one-year ahead inflation rate

In a highly financialised world, the conundrum for policy makers is that in taming inflation and moderating growth they must reverse the very conditions that have been so beneficial for markets.

Investment consequences

The return of inflation has brought with it a new dilemma. Markets love certainty, but pricing uncertainty is hard. The long-standing complacency around low and stable inflation can be seen in

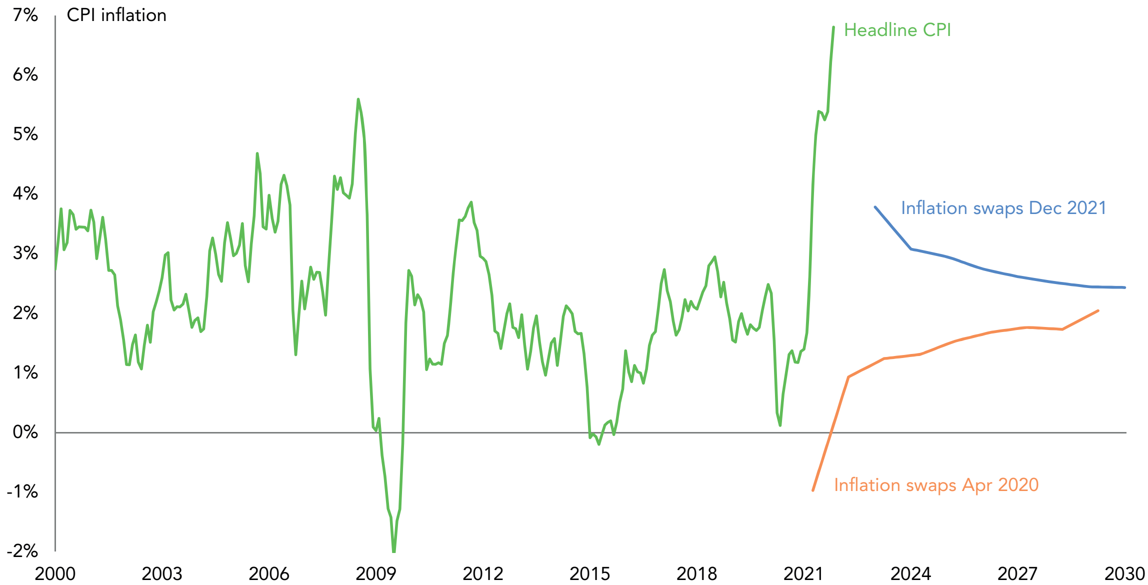
14 Ruffer LLP, Factset

term premium – the extra yield earned as compensation for the uncertainty that comes with lending for longer periods – which has progressively fallen and is now zero or negative. The end of this certainty points to asset prices falling and yield curves steepening.

Inflation insouciance

The wisdom of crowds ensures that usually the consensus opinion in markets is correct, but occasionally markets are poor at predicting the future – particularly at turning points.

US INFLATION AND EXPECTED INFLATION



Source: Minack Advisers, using inflation swap data from year end swap rates

The chart above shows US headline inflation from the year 2000 up to today where we currently have the highest reported inflation since 1982.

What is really fascinating, however, is the orange line and the blue line. These are forward looking inflation expectations priced into the inflation swaps market. Markets don't believe the world has changed. They are priced for a return to the low growth, low inflation, low rate post-GFC environment.

The orange line shows that at the market bottom in April 2020 (the peak of lockdowns), the market was seeing deflation in the short term, but looking out a few years our magical, miracle-working policy makers would have inflation right back at their 2% long term target.

The market was completely wrong – it thought we would be experiencing deflation and very low inflation in 2021, instead we got 6% inflation. Now looking at the light blue line (today) with inflation already high, the inflation swaps market is saying inflation will stay high for a while but looking out a few years will gravitate back to 2%.

This is the power of the paradigm of central banker omnipotence. This is the insouciance of markets undeterred despite a glaring forecast error in recent history.

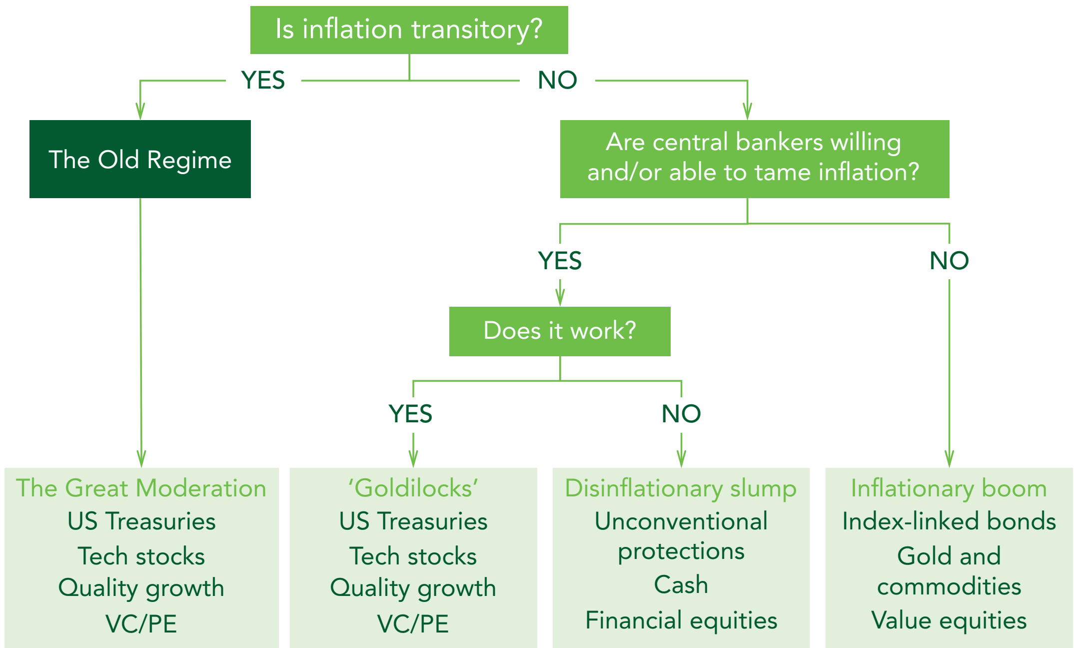
We believe the macroeconomic environment has changed, but the investment environment has not yet caught up. This is the opportunity – because the market is complacent about these risks, they are not priced in. Long term inflation expectations rising would be hugely beneficial for inflation-linked bonds.

Hard choices

Longer term, our conviction is high that a new regime of more persistent and malign inflationary pressures has begun, but the journey before us is still unclear. This means we are as worried about inflation volatility as we are a higher average level of inflation.

One pathway involves a direct route to our inflationary destination; the other a path first through financial disruption and disinflationary dangers.

HARD CHOICES



Starting on the left, if we have not entered a new regime, we return to The Great Moderation of low and stable growth and inflation. Our portfolio will underperform equities in this benign scenario, but we still believe we have enough to generate a positive return. We believe this would be a fleeting scenario rather than an endpoint because of the changes to the political economy post-covid-19. There is now a populist desire and a political mandate for greater levels of stimulus to kickstart the economy, tackle climate change, increase wages and to redistribute wealth to those with a higher propensity to spend, which moves you back to the first question.

If we have moved into a new regime, our base case, there are two likely scenarios depending on whether policymakers try to tame inflationary pressures.

1. Tightening induced slump – inflation stays high and policymakers stem inflation with a sharp tightening of both monetary and fiscal policies. This could trigger declines in most asset classes, but especially in more highly valued, speculative sectors. In the portfolio we believe our unconventional protections in equity puts and credit protections would spring to life and help the portfolio as they did in Q1 2020.
2. Inflationary boom – inflation remains high but central bankers keep monetary and fiscal policy loose due to political pressure and to assist achieving soft goals like redistributive wage growth and climate change. Bonds and bond proxies look vulnerable in this environment. In the portfolio inflation-linked bonds with the duration hedged via payer swaptions and gold exposure would be two pure expressions of rising inflation. Value stocks and those sensitive to real GDP growth would do very well.

Regardless of the path, inflation risk, an absent concern throughout the careers of most investors, will need to be priced once again. Therefore, we have built a portfolio robust to both 'left-tail' and 'right-tail' outcomes.

What does a financial tightening look like?

Quantitative easing is being withdrawn and asset purchases are scheduled to stop by March 2022 (in the US). Interest rates are likely to begin rising after that and many smaller central banks globally are already moving in this direction including the Bank of England. The fiscal impulse is likely to turn negative as large covid-related stimulus packages roll off and taxes increase. The US dollar is rising, the DXY index up 7% for 2021.[15] Rising commodity prices, particularly energy, are squeezing cash flows at a corporate and household level.

15 Ruffer LLP, Factset

Homer Simpson's ideal investments

Homer Simpson once observed that beer was the cause of, and solution to, all of life's problems. We view the 15% of the portfolio allocated to energy stocks and financials as having similar characteristics.

Beginning with energy, given current economic strength one of the few visible risks to derail the economy in the short term is rising energy prices. This naturally acts as a brake on growth, and as a tax on the consumer (particularly in Europe and Asia). Our allocation to energy stocks, covered in the June 2021 Annual Report, offers a neat hedge to this risk and an interesting each-way bet – one major source of crisis could be a spike in the asset we own, or alternatively, the stocks are highly geared to a continuation of economic growth and re-opening. We continue to engage with the companies we own to help and encourage them on the energy transition journey.

With financials, it is simply that these assets benefit from rising rates or a steepening yield curve. This is a rare and valuable characteristic. One clear risk to the economy and market is that the Fed raises rates too fast. In this scenario bank earnings will be mechanically rising due to a widening net interest margin and the banks are still highly provisioned due to unused covid loss reserves. In the event the economy keeps performing, banks are an excellent proxy for improving economic prospects and will continue to benefit from rising collateral values and diminishing loan losses.

These two themes exemplify what we try to achieve in the portfolio. We have strong views, and we express them boldly in our asset allocation. However, we are not return maximising, we are regret minimising. Rather than thinking about how much we might make if we are right, we start by thinking how we can ensure we preserve capital if we are wrong. From that foundation, we can build the rest of the portfolio to capture returns.

Conclusion

One thing is clear – no one asset, nor single strategy, can guarantee success in this path-dependent world. We are in uncharted waters from a market and economy perspective, nobody knows how all of this will play out.

Instead, for a new regime, investors will require a diverse toolkit – flexible, adaptable, and robust. At Ruffer, we believe we have built exactly that. How are we positioned for this world?

For bad market outcomes we've got the unconventional toolkit– index-linked bonds, credit protection, payer swaptions, gold exposure, and equity put options. This is what you would expect from Ruffer: a preoccupation with downside protection.

For rosier outcomes – because there's a chance we have another roaring twenties, we've got attractively priced GDP- and inflation-sensitive equities.

Where we think investors don't want to be is in the middle of the road – a resumption of the old regime of low and stable growth and inflation. The winners of that regime – growth stocks, long duration assets such as venture capital and renewables and conventional government bonds – look to us like they offer no asymmetry and are already pricing in victory. As liquidity is drained from markets these crowded trades look to us the most dangerous.

Ruffer AIFM Limited

25 February 2022

Top ten holdings

Investments	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
UK index-linked gilt 0.125% 22/03/2068	GBP	10,307,220	37,667,733	5.32
UK index-linked gilt 0.125% 22/03/2024	GBP	23,377,200	32,877,119	4.64
US Treasury inflation indexed bond 0.625% 15/04/2023	USD	36,234,600	31,147,723	4.40
LF Ruffer Gold Fund*	GBP	10,073,136	28,194,709	3.98
UK index-linked gilt 1.875% 22/11/2022	GBP	17,000,000	27,442,700	3.87
UK index-linked gilt 0.125% 22/11/2065	GBP	7,756,980	25,226,570	3.56
Ruffer Protection Strategies†	GBP	10,193,830	22,126,728	3.12
Ruffer Illiquid Multi Strategies Fund 2015†	GBP	29,930,171	21,996,401	3.11
Ruffer UK Mid & Smaller Companies	GBP	77,753	21,529,830	3.04
UK gilt 0.125% 31/01/2023	GBP	21,252,000	21,158,066	2.99

* LF Ruffer Gold Fund is classed as a related party because its investment manager, Ruffer LLP, is the parent company of the Company's Investment Manager.

† Ruffer Protection Strategies and Ruffer Illiquid Multi Strategies Fund 2015 are classed as related parties as they share the same Investment Manager as the Company.

Statement of principal risks and uncertainties

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board, through its Audit and Risk Committee, has carried out a robust assessment of the principal risks and uncertainties facing the Company by using a comprehensive risk matrix as the basis for analysing the Company's system of internal controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy.

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Financial Report for the year ended 30 June 2021. The principal risks disclosed include investment risk, operational risk, accounting, legal and regulatory risk and financial risks. A detailed explanation of these can be found on pages 16 to 17 of the Annual Financial Report. The Board and Investment Manager do not consider these risks to have materially changed during the six months ended 31 December 2021, and are not expected to change in the remaining six months of the financial year.

Going concern

The Directors have considered the Company's investment objective (see Business Model and Strategy on page 12 of the Annual Financial Report), financial risk management and associated risks (see note 19 to the Financial Statements on pages 104 to 117 of the Annual Financial Report). In view of the liquidity of the Company's investments (assuming, as the Board does, that market liquidity continues), the income deriving from those investments and its holdings in cash and cash equivalents, the Directors believe that the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least 12 months from the date of approval of these Interim Financial Statements. The Directors also note that overall, due to the nature of the Company's portfolio, which comprises both equities and other more defensive assets, it has not been materially adversely affected in terms of value or cashflows by the effects of the covid-19 pandemic.

Responsibility statement

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge

- the half-yearly financial report and Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting as adopted by the European Union and
- the half-yearly financial report and Unaudited Condensed Interim Financial Statements (including the Chairman's Statement and the Investment Manager's Report) meet the requirements of an interim management report and include a fair review of the information required by
  - a DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of principal risks and uncertainties for the remaining six months of the year and
  - b DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last Annual Financial Report that could do so.

On behalf of the Board

David Staples, Director

25 February 2022

Independent review report to the shareholders of Ruffer Investment Company Limited

We have been engaged by Ruffer Investment Company Limited ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 which comprises the condensed statement of comprehensive income, condensed statement of financial position, the condensed statement of changes in equity and the condensed statement cash flows and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
St Peter Port
Guernsey

25 February 2022

Condensed statement of financial position (unaudited)

As at 31 December 2021

	Notes	31 Dec 21 £ (unaudited)	30 Jun 21 £ (audited)
Assets			
Non-current assets			
Investments at fair value through profit or loss	10,11	642,623,790	516,760,500
Current assets			
Cash and cash equivalents		65,210,460	55,833,380
Trade and other receivables		2,208,710	6,011,217
Derivative financial assets	11	2,972,622	270,023
Total current assets		70,391,792	62,114,620
Total assets		713,015,582	578,875,120
Liabilities			
Current liabilities			
Trade and other payables		4,498,950	595,622
Derivative financial liabilities	11	–	2,428,165
Total liabilities		4,498,950	3,023,787
Net assets		708,516,632	575,851,333
Equity			
Capital and reserves attributable to the Company's shareholders			
Share capital	4	374,638,457	253,904,821
Capital reserve		231,490,991	220,493,564
Retained revenue reserve		7,337,625	6,403,389
Other reserves		95,049,559	95,049,559
Total equity		708,516,632	575,851,333
Net assets attributable to holders of redeemable participating preference shares (per share)	12	2.8758	2.8129

The Unaudited Condensed Interim Financial Statements on pages 34 to 51 were approved on 25 February 2022 and signed on behalf of the Board of Directors by

David Staples, Director

The notes on pages 38 to 51 form an integral part of these Unaudited Condensed Interim Financial Statements.

Condensed statement of comprehensive income (unaudited)

For the period ended 31 December 2021

	Notes	Revenue £	Capital £	1 Jul 21 to 31 Dec 21 Total £	1 Jul 20 to 31 Dec 20 Total £
Fixed interest income		591,234	–	591,234	548,004
Dividend income		4,429,078	–	4,429,078	1,592,879
Net changes in fair value of financial assets at fair value through profit or loss	5,10	–	16,264,121	16,264,121	18,983,644
Other (losses)/gains	6	–	(2,194,442)	(2,194,442)	11,543,891
Total income		5,020,312	14,069,679	19,089,991	32,668,418
Management fees	8	–	(3,072,252)	(3,072,252)	(2,162,104)
Expenses	7	(372,921)	–	(372,921)	(310,557)
Total expenses		(372,921)	(3,072,252)	(3,445,173)	(2,472,661)
Profit for the period before tax		4,647,391	10,997,427	15,644,818	30,195,757
Withholding tax		(288,997)	–	(288,997)	(144,304)
Profit for the period after tax		4,358,394	10,997,427	15,355,821	30,051,453
Total comprehensive income for the period		4,358,394	10,997,427	15,355,821	30,051,453
Basic and diluted earnings per share*		1.98p	4.98p	6.96p	16.62p

*Basic and diluted earnings per share are calculated by dividing the profit after taxation by the weighted average number of redeemable participating preference shares in issue during the period. The weighted average number of shares for the period was 220,701,680 (31 Dec 20: 180,788,416). As there are no items which would cause a dilution to occur, the basic and diluted earnings per share are the same.

The 'Total' columns of this statement represent the Company's condensed statement of comprehensive income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The revenue and capital return columns are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 38 to 51 form an integral part of these Unaudited Condensed Interim Financial Statements.

Condensed statement of changes in equity (unaudited)

For the period ended 31 December 2021

	Notes	Share capital £	Capital reserve £	*Retained revenue reserve £	*Other reserves £	Total 1 Jul 21 to 31 Dec 21 £
Balance at 30 June 2021		253,904,821	220,493,564	6,403,389	95,049,559	575,851,333
Total comprehensive income for the period		–	10,997,427	4,358,394	–	15,355,821
Transactions with Shareholders						
Share capital issued	4	121,873,636	–	–	–	121,873,636
Share issue costs	4	(1,140,000)	–	–	–	(1,140,000)
Distribution in the period	3	–	–	(3,424,158)	–	(3,424,158)
Balance at 31 December 2021		374,638,457	231,490,991	7,337,625	95,049,559	708,516,632

	Notes	Share capital £	Capital reserve £	*Retained revenue reserve £	*Other reserves £	Total 1 Jul 20 to 31 Dec 20 £
Balance at 30 June 2020		186,459,986	158,853,795	3,749,041	95,049,559	444,112,381
Total comprehensive income for the period		–	28,365,431	1,686,022	–	30,051,453
Transactions with Shareholders						
Distribution in the period	3	–	–	(1,717,490)	–	(1,717,490)
Balance at 31 December 2020		186,459,986	187,219,226	3,717,573	95,049,559	472,446,344

* Under the Companies (Guernsey) Law, 2008, the Company can distribute dividends from share capital and reserves, subject to satisfying a solvency test. However, the Company's dividend policy is that dividends will only be paid from accumulated revenue reserve. In order to provide clearer information relating to this reserve, the Company has separately identified it in these financial statements as a 'Retained revenue reserve' in the Statement of Financial Position and the Statement of Changes in Equity. 'Other reserves' represents amounts converted from share premium in 2004 and 2008.

The notes on pages 38 to 51 form an integral part of these Unaudited Condensed Interim Financial Statements.

Condensed statement of cash flows (unaudited)

For the period ended 31 December 2021

	Notes	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Cash flows from operating activities			
Profit for the period after tax		15,355,821	30,051,453
Adjustments for			
Net realised gains on investments	5,10	(18,445,591)	(16,343,029)
Movement in unrealised losses/(gains) on investments	5,10	2,181,470	(2,640,615)
Realised losses/(gains) on forward foreign exchange contracts	6	7,247,402	(4,767,122)
Movement in unrealised gains on forward foreign exchange contracts	6	(5,130,764)	(6,756,278)
Foreign exchange losses/(gains) on cash and cash equivalents	6	77,804	(20,491)
Decrease in trade and other receivables		227,349	331,842
Increase in trade and other payables		74,332	6,225
		1,587,823	(138,015)
Net cash (paid)/received on closure of forward foreign exchange contracts		(7,247,402)	4,767,122
Purchases of investments		(272,950,042)	(160,332,564)
Sales of investments		170,877,426	151,714,300
Net cash used in operating activities		(107,732,195)	(3,989,157)
Cash flows from financing activities			
Share capital issued		121,422,241	–
Share issue costs		(811,004)	–
Dividend paid	3	(3,424,158)	(1,717,490)
Net cash generated from/(used in) financing activities		117,187,079	(1,717,490)
Net increase/(decrease) in cash and cash equivalents		9,454,884	(5,706,647)
Cash and cash equivalents at beginning of the period		55,833,380	42,667,336
Exchange (losses)/gains on cash and cash equivalents	6	(77,804)	20,491
Cash and cash equivalents at end of the period		65,210,460	36,981,180

The notes on pages 38 to 51 form an integral part of these Unaudited Condensed Interim Financial Statements.

Notes to the unaudited condensed interim financial statements

For the period ended 31 December 2021

1 The Company

The Company was incorporated with limited liability in Guernsey on 1 June 2004 as a company limited by shares and as an authorised closed-ended investment company. As an existing closed-ended fund the Company is deemed to be granted an authorised declaration in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008. The Company is listed on the Main Market of the London Stock Exchange (LSE) and was admitted to the premium segment of the Official List of the UK Listing Authority on 20 December 2005.

2 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's Unaudited Condensed Interim Financial Statements.

Basis of preparation

The Unaudited Condensed Interim Financial Statements for the period ended 31 December 2021 have been prepared using accounting policies consistent with IFRSs as adopted by the European Union and in accordance with IAS 34 as adopted by the European Union, and the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

They have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

This half-yearly financial report, covering the period from 1 July 2021 to 31 December 2021, is not audited.

The Unaudited Condensed Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Report and should be read in conjunction with the Annual Financial Report for the year ended 30 June 2021, which was prepared in accordance with IFRSs as adopted by the European Union. The Audit Report on those accounts was not qualified.

Significant judgements and estimates

In the financial period under review, there were no changes to the significant accounting judgements, estimates and assumptions from those applied in the Annual Financial Report for the year ended 30 June 2021.

Standards, amendments and interpretations effective during the period

The accounting policies adopted are consistent with those used in the Annual Financial Report for the year ended 30 June 2021. There were no new standards, interpretations or amendments to standards issued and effective for the period that materially impacted the Company.

3 Dividends to shareholders

Dividends, if any, are declared semi-annually, usually in September and March each year. The Company declared and paid the following dividends during the period.

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Interim dividend of 1.55p per share (2020: 0.95p)	3,424,158	1,717,490

A second interim dividend of 1.5p per share in respect of the half year ended 31 December 2021 was declared on 25 February 2022. The dividend is payable on 25 March 2022 to shareholders on record at 11 March 2022.

4 Share capital

Authorised share capital	31 Dec 21 £	30 Jun 21 £
Unclassified shares of 0.01p each	Unlimited	Unlimited
75,000,000 C shares of 0.10p each	75,000	75,000
	75,000	75,000

	Number of shares		Share capital	
Issued share capital	1 Jul 21 to 31 Dec 21	1 Jul 20 to 30 Jun 21	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 30 Jun 21 £
Redeemable Participating Preference Shares of 0.01p each				
Balance at start of period/year	204,718,416	180,788,416	253,904,821	186,459,986
Issued during the period/year	41,657,221	23,930,000	121,873,636	67,934,025
Share issue costs	–	–	(1,140,000)	(489,190)
Balance as at end of period/year	246,375,637	204,718,416	374,638,457	253,904,821

Unclassified shares

Unclassified shares can be issued as nominal shares or redeemable participating preference shares. Nominal shares can only be issued at par to the Administrator. The Administrator is obliged to subscribe for nominal shares for cash at par when redeemable participating preference shares are redeemed to ensure that funds are available to redeem the nominal amount paid up on redeemable participating preference shares. The holder or holders of nominal shares shall have the right to receive notice of and to attend general meetings of the Company but shall not be entitled to vote thereat. Nominal shares shall carry no right to dividends. In a winding-up, holders of nominal shares shall be entitled to be repaid an amount equal to their nominal value out of the assets of the Company.

The holders of fully paid redeemable participating preference shares are entitled to one vote at all meetings of the relevant class of shareholders.

C shares

There were no C shares in issue at period end (30 June 2021: Nil).

Block listing and additional shares issued

At the start of the period, the Company had the ability to issue 13,695,682 redeemable participating shares under a block listing facility. On 27 September 2021, the Company announced that an application had been made for the block listing of an additional 6,350,000 redeemable participating preference shares, with an admission date of 28 September 2021. On 17 November 2021, the Company announced that an application had been made for the block listing of a further 15,300,000 redeemable participating preference shares, with an admission date of 18 November 2021. During the period, 27,870,000 new redeemable participating preference shares were allotted and issued under the block listing facility at an average issue price of £2.9062 (30 June 2021: 23,930,000 new shares issued during the year at an average issue price of £2.8389).

On 2 December 2021, the Company raised total gross proceeds of approximately £40.9 million through the issue of 13,787,221 redeemable participating shares by way of an Open Offer, Offer for Subscription and Intermediaries Offer as set out in the Company's prospectus published on 15 November 2021, with an admission date of 6 December 2021. Of the 13,787,221 shares issued by the Company, 10,582,698 shares were issued pursuant to the Open Offer (including the Excess Application Facility) and 3,204,523 shares were issued pursuant to the Offer for Subscription and the Intermediaries Offer.

New redeemable participating preference shares rank *pari passu* with the existing shares in issue.

As at 31 December 2021, the Company had the ability to issue a further 7,475,682 (30 June 2021: 13,695,682) redeemable participating preference shares under the block listing facility.

On 18 January 2022, the Company announced that an application had been made for the block listing of an additional 9,653,159 redeemable participating preference shares, with an admission date of 19 January 2022.

On 7 February 2022, the Company published a circular to Shareholders and notice of an extraordinary general meeting (EGM) of the Company on 25 February 2022 to seek Shareholder authority to issue further shares for cash on a non-pre-emptive basis. The EGM resolution was approved, giving the Directors additional authority to issue up to 10% of the existing number of the Company's shares in issue at the date of the EGM. Accordingly, on 25 February 2022, the Company announced that an application had been made for the block listing of an additional 26,312,563 redeemable participating preference shares, with an admission date of 1 March 2022.

Subsequent to the period end, the Company has issued a further 16,750,000 redeemable preference shares under the block listing facility at a weighted average issue price of £2.9912.

Redeemable participating preference shares in issue

As at 31 December 2021, the Company had 246,375,637 (30 June 2021: 204,718,416) redeemable participating preference shares of 0.01 pence each in issue. Therefore, the total voting rights in the Company at 31 December 2021 were 246,375,637 (30 June 2021: 204,718,416).

Purchase of own shares by the Company

A special resolution was passed on 3 December 2021 which authorised the Company in accordance with the Companies (Guernsey) Law, 2008 to make purchases of its own shares as defined in that Ordinance of its Participating Shares of 0.01 pence each, provided that –

i the maximum number of shares the Company can purchase is no more than 14.99% of the Company's issued share capital

ii the minimum price (exclusive of expenses) which may be paid for a share is 0.01 pence, being the nominal value per share

iii the maximum price (exclusive of expenses) which may be paid for the share is an amount equal to the higher of (i) 105% of the average of the middle market quotations for a share taken from the LSE Daily Official List for the 5 business days immediately preceding the day on which the Share is purchased and (ii) the price stipulated in Article 5(i) of the Buy-back and Stabilisation Regulation (No 2237 of 2003) iv purchases may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the LSE at a discount to the lower of the undiluted or diluted NAV

v the authority conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2022 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time and

vi the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make an acquisition of shares pursuant to any such contract.

5 Net changes in financial assets at fair value through profit or loss

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Net changes in financial assets at fair value through profit or loss during the period comprise		
Gains realised on investments sold during the period	20,503,313	19,603,238
Losses realised on investments sold during the period	(2,057,722)	(3,260,209)
Net realised gains on investments sold during the period	18,445,591	16,343,029
Movement in unrealised (losses)/gains arising from changes in fair value	(2,181,470)	2,640,615
Net changes in fair value on financial assets at fair value through profit or loss	16,264,121	18,983,644

6 Other (losses)/gains

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Movement in unrealised gains on forward foreign currency contracts	5,130,764	6,756,278
Realised (losses)/gains on forward foreign currency contracts	(7,247,402)	4,767,122
Foreign exchange (losses)/gains on cash and cash equivalents	(77,804)	20,491
	(2,194,442)	11,543,891

7 Expenses

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Administration fee*	96,165	82,149
Directors' fees (note 8)	88,725	89,977
Custodian and Depositary fees*	48,202	42,903
Broker's fees	17,500	18,132
Audit fee	14,439	11,550
Auditor's remuneration for interim review	8,750	8,500
Other expenses	99,140	57,346
	372,921	310,557

* The basis for calculating the Administration fee as well as the Custodian and Depositary fees are set out in the General Information on page 58.

Ongoing charges ratio

The ongoing charges ratio (OCR) of an investment company is the annual percentage reduction in shareholder returns as a result of recurring operational expenditure. Ongoing charges are classified as those expenses which are likely to recur in the foreseeable future, and which relate to the operation of the company, excluding investment transaction costs, financing charges, gains or losses on investments and any other expenses of a non-recurring nature. The OCR for the current period has been calculated as the total ongoing charges for the period divided by the average net asset value over that period, in accordance with the methodology recommended by the Association of Investment Companies.

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Management fee (see note 8)	3,072,252	2,162,104
Other expenses (see above)	372,921	310,557
	3,445,173	2,472,661
Excluded expenses*	(17,800)	–
Total ongoing expenses	3,427,373	2,472,661
Average NAV	626,942,683	452,235,618
Annualised ongoing charges ratio	1.08%	1.09%

* Excluded expenses in the period included consultancy costs relating to Board evaluation and historical statutory reporting.

8 Related party transactions and material contracts

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities, and are therefore regarded as related parties.

Investment Management Agreement

The Company is managed by Ruffer AIFM Ltd, a subsidiary of Ruffer LLP, a privately owned business registered in England and Wales as a limited liability partnership. The Company and the Investment Manager have entered into an Investment Management Agreement under which the Investment Manager has been given responsibility for the day-to-day discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors and in accordance with the investment restrictions in the Investment Management Agreement and the Company's Articles of Incorporation.

The market value of holdings in the LF Ruffer Funds where an investment management fee is already charged from within that fund are deducted from the NAV of the Company before the calculation of management fees on a monthly basis. For additional information, refer to the Portfolio Statement on pages 52 to 57.

Total management fees charged to the capital reserves of the Company, including the outstanding management fees at the end of the period, are detailed below.

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Management fees for the period	3,072,252	2,162,104

	31 Dec 2021 £	30 June 2021 £
Payable at end of the period	574,127	502,316

Directors

As at 31 December 2021, the Company had five non-executive Directors, all of whom were independent from the Investment Manager and its parent entity, Ruffer LLP. There were no changes to directorships during the period ended 31 December 2021.

The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £200,000 (30 June 2021: £200,000) per annum.

During the period, each Director was paid a fee of £31,500 (30 June 2021: £31,500) per annum, except for the Chairman, who was paid £44,550 (30 June 2021: £44,550) per annum, the Senior Independent Director, who was paid £33,650 (30 June 2021: £33,650) per annum and the Chairman of the Audit Committee, who was paid £36,250 (30 June 2021: £36,250) per annum.

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 31 Dec 20 £
Directors' fees for the period	88,725	89,977

	31 Dec 2021 £	30 Jun 2021 £
Payable at end of the period	–	–

Shares held by related parties

As at 31 December 2021, Directors of the Company held the following numbers of shares beneficially.

Directors	31 Dec 21 shares	30 Jun 21 shares
Christopher Russell	125,000	100,000
David Staples*	495,000	80,000
Jill May	13,750	11,000
Shelagh Mason	14,698	11,325
Nicholas Pink	45,027	36,023
	693,475	238,348

* includes 250,000 shares owned by a party related to David Staples

As at 31 December 2021, Hamish Baillie, Investment Director of the Investment Manager owned 205,000 (30 June 2021: 205,000) shares in the Company.

As at 31 December 2021, Duncan MacInnes, Investment Director of the Investment Manager owned 43,100 (30 June 2021: 43,100) shares in the Company.

As at 31 December 2021, Jonathan Ruffer, chairman of Ruffer LLP, owned 499,335 (30 June 2021: 1,039,335) shares in the Company.

As at 31 December 2021, Ruffer LLP (the parent entity of the Company's Investment Manager) and other entities within the Ruffer Group held 4,433,171 (30 June 2021: 5,633,800) shares in the Company on behalf of its discretionary clients.

Investments in related funds

As at 31 December 2021, the Company held investments in four (30 June 2021: four) related investment funds valued at £93,847,668 (30 June 2021: £86,021,056). Refer to the Portfolio Statement on pages 52 to 57 for details.

9 Operating segment reporting

The Board of Directors makes the strategic decisions on behalf of the Company. The Company has determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for monitoring the Investment Manager's positioning of the Company's portfolio and considers the business to have a single operating segment.

There were no changes in the reportable segments during the period.

Revenue earned is reported separately in the Statement of Comprehensive Income as dividend income received from equities, and interest income received from fixed interest securities and bank deposits.

The Statement of Cash Flows separately reports cash flows from operating and financing activities.

10 Investments at fair value through profit or loss

	1 Jul 21 to 31 Dec 21 £	1 Jul 20 to 30 Jun 21 £
Cost of investments at the start of the period/year	453,896,021	350,041,991
Acquisitions at cost during the period/year	276,450,042	399,705,845
Disposals during the period/year	(166,850,873)	(334,520,433)
Gains on disposals during the period/year	18,445,591	38,668,618
Cost of investments held at the end of the period/year	581,940,781	453,896,021
Fair value above cost	60,683,009	62,864,479
Fair value of investments held at the end of the period/year	642,623,790	516,760,500

11 Fair Value Measurement

IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value, and requires the Company to classify its financial instruments into the level of the fair value hierarchy that best reflects the significance of the inputs used in making fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows –

Level 1: Quoted prices, based on bid prices, (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 31 December 2021.

	Level 1 £	Level 2 £	Level 3 £	31 Dec 21 total £
Financial assets at fair value through profit or loss				
Non-UK index-linked bonds	59,556,255	–	–	59,556,255
Long-dated index-linked gilts	87,814,092	–	–	87,814,092
Short-dated index-linked gilts	76,654,357	–	–	76,654,357
Short-dated bonds	21,158,066	–	–	21,158,066
Credit protection and options	–	44,123,129	–	44,123,129
Gold exposure and gold equities	25,387,909	28,194,709	–	53,582,618
Equities	278,205,443	21,529,830	–	299,735,273
Derivative financial assets	–	2,972,622	–	2,972,622
Total financial assets at fair value through profit or loss	548,776,122	96,820,290	–	645,596,412

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 30 June 2021.

	Level 1 £	Level 2 £	Level 3 £	30 Jun 21 total £
Financial assets at fair value through profit or loss				
Non-UK index-linked bonds	41,542,448	–	–	41,542,448
Long-dated index-linked gilts	74,198,934	–	–	74,198,934
Short-dated index-linked gilts	32,385,876			32,385,876
Short-dated bonds	49,151,813	–	–	49,151,813
Credit protection and options	–	42,932,196	–	42,932,196
Gold exposure and gold equities	16,580,977	21,602,768	–	38,183,745
Equities	216,879,396	21,486,092	–	238,365,488
Derivative financial assets	–	270,023	–	270,023
Total financial assets at fair value through profit or loss	430,739,444	86,291,079	–	517,030,523
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	2,428,165	–	2,428,165
Total financial liabilities at fair value through profit or loss	–	2,428,165	–	2,428,165

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the transfer has occurred. During the period ended 31 December 2021, no transfers were made. In the prior year ended 30 June 2021, no transfers were made.

Assets classified in Level 1 consist of listed or quoted equities or bonds which are issued by corporate issuers, supra-nationals or government organisations.

Assets classified in Level 2 are investments in funds fair-valued using the official NAV of each fund as reported by each fund's independent administrator at the reporting date. Where these funds are invested in equity type products, they are classified as equity in the table above. Options and foreign exchange forwards are fair valued using publicly available data. The foreign exchange forwards are shown as derivative financial assets and liabilities in the fair value hierarchy table.

Assets classified in Level 3 consist of investments for which no market exists for trading, for example investments in liquidating or illiquid funds, and are reported using the latest available official NAV less dividends declared to date of each fund as reported by each fund's independent administrator at the last reporting date. Where a market exists for trading in illiquid funds, these are classified in Level 2.

12 NAV reconciliation

The Company announces its NAV, based on bid value, to the LSE after each weekly and month end valuation point. At the time of releasing the NAV to the LSE for 31 December 2021, not all the latest prices for the investments were available. Adjustments were made to the NAV in the Financial Statements once these prices became available. The following is a reconciliation of the NAV per share attributable to redeemable participating preference shareholders as presented in these Financial Statements, using IFRS, to the NAV per share reported to the LSE.

	31 Dec 21		30 June 21	
	NAV £	NAV per share £	NAV £	NAV per share £
NAV per share published on the LSE as at the period/year end	708,910,020	2.8774	575,913,008	2.8132
Share issue costs and other accruals	(345,031)	(0.0014)	–	–
Adjustments to valuations	(48,357)	(0.0002)	(61,675)	(0.0003)
Net assets attributable to holders of redeemable participating preference shares	708,516,632	2.8758	575,851,333	2.8129

13 Subsequent events

These Financial Statements were approved for issuance by the Board on 25 February 2022. Subsequent events have been evaluated up until this date.

On 18 January 2022, the Company announced that an application had been made for the block listing of an additional 9,653,159 redeemable participating preference shares, with an admission date of 19 January 2022.

Subsequent to the year end, the Company has announced tap issues totalling 16,750,000 redeemable participating preference shares at a weighted average issue price of £2.9912 per share.

On 7 February 2022, the Company published a circular to Shareholders and notice of an extraordinary general meeting (EGM) of the Company on 22 February 2022 to seek Shareholder authority to issue further shares for cash on a non-pre-emptive basis. The EGM resolution was approved, giving the Directors additional authority to issue up to 10% of the existing number of the Company's shares in issue at the date of the EGM. Accordingly, on 25 February 2022, the Company announced that an application had been made for the block listing of an additional 26,312,563 redeemable participating preference shares, with an admission date of 1 March 2022.

A second interim dividend of 1.5p per share in respect of the half year ended 31 December 2021 was declared on 25 February 2022. The dividend is payable on 25 March 2022 to shareholders on record at 11 March 2022.

Portfolio statement (unaudited)

As at 31 December 2021

	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
Government bonds 34.61%				
(30 Jun 21: 34.27%)				
Non-UK index-linked bonds				
Japanese index linked bond 10/03/2026	JPY	371,000,000	2,505,398	0.35
Japanese index linked bond 10/03/2027	JPY	371,900,000	2,570,276	0.36
Japanese index linked bond 10/03/2028	JPY	371,900,000	2,505,625	0.35
US Treasury inflation indexed bond 0.125% 15/04/2022	USD	24,439,800	20,827,233	2.95
US Treasury inflation indexed bond 0.625% 15/04/2023	USD	36,234,600	31,147,723	4.40
Total non-UK index-linked bonds			59,556,255	8.41
Long-dated index-linked gilts				
UK index-linked gilt 0.125% 22/03/2051	GBP	1,600,000	3,405,147	0.48
UK index-linked gilt 0.375% 22/03/2062	GBP	4,250,400	14,842,432	2.09
UK index-linked gilt 0.125% 22/11/2065	GBP	7,756,980	25,226,570	3.56
UK index-linked gilt 0.125% 22/03/2068	GBP	10,307,220	37,667,733	5.32
UK index-linked gilt 0.125% 22/03/2073	GBP	1,920,575	6,672,210	0.94
Total long-dated index-linked gilts			87,814,092	12.39
Short-dated index-linked gilts				
UK index-linked gilt 1.875% 22/11/2022	GBP	17,000,000	27,442,700	3.87
UK index-linked gilt 0.125% 22/03/2024	GBP	23,377,200	32,877,119	4.64
UK index-linked gilt 0.125% 22/03/2026	GBP	11,688,600	16,334,538	2.31
Total short-dated index-linked gilts			76,654,357	10.82
Short-dated bonds				
UK gilt 0.125% 31/01/2023	GBP	21,252,000	21,158,066	2.99
Total short-dated bonds			21,158,066	2.99
Total government bonds			245,182,770	34.61
Equities 42.30%				
(30 Jun 21: 41.39%)				
Europe				
Adecco	CHF	74,382	2,794,934	0.39
Aena	EUR	44,700	5,214,937	0.74
Banco Santander	EUR	2,401,460	5,937,520	0.84

	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
Bank of Ireland	EUR	982,350	4,118,387	0.58
Bayer	EUR	19,732	780,702	0.11
Dassault Aviation	EUR	10,007	797,666	0.11
Equinor	NOK	150,000	2,968,490	0.42
Fresenius Medical Care	EUR	40,379	1,944,086	0.27
Novartis	CHF	12,850	834,364	0.12
Prosegur Cash	EUR	720,973	379,491	0.05
Swedish Match	SEK	242,060	1,424,441	0.20
Unibail-Rodamco	EUR	58,000	3,005,095	0.42
Unicredito	EUR	435,666	4,961,457	0.70
Universal Music Group	EUR	20,730	431,926	0.06
Vallourec	EUR	66,731	492,361	0.07
Vivendi	EUR	73,734	737,154	0.11
Volkswagen	EUR	41,441	6,182,176	0.87
Total Europe equities			43,005,187	6.06
United Kingdom				
Ashmore	GBP	313,930	913,536	0.13
BAE Systems	GBP	159,390	876,326	0.12
Balfour Beatty	GBP	390,909	1,024,182	0.14
Barclays	GBP	1,487,640	2,781,887	0.39
Beazley	GBP	412,186	1,921,199	0.27
Belvoir Lettings	GBP	390,000	1,002,300	0.14
BP	GBP	5,995,000	19,813,475	2.79
BT	GBP	1,400,000	2,373,700	0.33
Cairn Energy	GBP	363,801	684,674	0.10
Conduit	GBP	169,093	731,327	0.10
Countryside Properties	GBP	887,901	3,995,555	0.56
Fresnillo	GBP	200,000	1,781,200	0.25
Glaxosmithkline	GBP	440,000	7,069,040	1.00
Glencore	GBP	1,062,600	3,984,219	0.56
Grit Real Estate	GBP	3,743,544	1,235,370	0.17

	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
Hipgnosis Songs Fund	GBP	2,762,760	3,453,450	0.49
Jet2	GBP	132,666	1,467,949	0.21
Lloyds Banking Group	GBP	31,776,800	15,189,310	2.14
Marks & Spencer	GBP	1,238,570	2,866,051	0.40
Melrose Industries	GBP	2,114,347	3,376,612	0.48
NatWest	GBP	4,792,103	10,810,984	1.53
Renn Universal Growth Trust	GBP	937,500	0	0.00
Royal Dutch Shell B	GBP	1,090,000	17,684,160	2.50
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	77,753	21,529,830	3.04
Science Group	GBP	169,378	762,201	0.11
Serco	GBP	439,613	591,719	0.08
Taylor Maritime Investments	GBP	2,762,760	2,785,967	0.39
Trident Royalties	GBP	6,117,647	2,141,177	0.30
Tufton Oceanic Assets	USD	2,782,143	2,796,124	0.39
Unilever	GBP	22,516	888,256	0.13
Urban Logistics REIT	GBP	1,514,637	2,802,079	0.40
Total UK equities			139,333,859	19.64
North America				
American Express	USD	34,000	4,109,548	0.58
Brink's	USD	13,526	655,409	0.09
Bristol Myers Squibb	USD	166,828	7,686,762	1.08
Charles Schwab	USD	22,315	1,386,360	0.20
Chesapeake Energy	USD	117,000	5,571,593	0.79
Cigna	USD	66,500	11,285,146	1.59
Coherent	USD	4,197	825,629	0.12
Conocophillips	USD	68,200	3,637,804	0.51
Coty	USD	163,917	1,271,895	0.18
Ehealth	USD	92,234	1,738,078	0.25
Exxon Mobil	USD	24,206	1,094,386	0.15
General Electric	USD	19,000	1,326,293	0.19
General Motors	USD	94,695	4,102,144	0.58

	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
Godaddy	USD	26,600	1,667,513	0.24
Hertz	USD	36,578	674,147	0.10
II-VI	USD	17,692	893,360	0.13
Jackson Financial	USD	46,870	1,448,495	0.20
Marathon Oil	USD	150,000	1,820,130	0.26
Northrop Grumman	USD	3,719	1,063,785	0.15
Ovintiv	USD	100,000	2,489,654	0.35
Pfizer	USD	25,120	1,095,983	0.15
Southwest Airlines	USD	31,139	985,577	0.14
Victoria's Secret	USD	66,600	2,734,478	0.39
Visa	USD	2,700	432,335	0.06
Total North America equities			59,996,504	8.48
Japan				
Central Glass	JPY	13,000	177,878	0.03
Dena	JPY	28,600	324,854	0.05
Fuji Electric	JPY	74,400	2,933,159	0.41
Fujitec	JPY	18,900	305,328	0.04
Fujitsu	JPY	20,200	2,558,366	0.36
Kato Sangyo	JPY	17,900	384,453	0.05
Mitsubishi Electric	JPY	361,300	3,382,359	0.48
Mitsubishi Estate	JPY	399,000	4,083,715	0.57
Mitsubishi UFJ Financial	JPY	2,018,900	8,099,348	1.14
NEC	JPY	67,700	2,308,221	0.33
Nippon Seiki	JPY	35,500	263,956	0.04
Nissan Shatai	JPY	55,800	252,591	0.04
Nomura Real Estate	JPY	170,000	2,887,147	0.41
Orix	JPY	441,000	6,647,195	0.94
Rakuten	JPY	531,300	3,933,357	0.55
Rohm	JPY	42,500	2,851,671	0.40
Sekisui Jushi	JPY	8,800	118,093	0.02
Shin-Etsu Polymer	JPY	33,100	235,272	0.03

	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
Softbank	JPY	30,400	1,060,688	0.15
Sony	JPY	35,100	3,262,270	0.46
Tachi-S	JPY	43,200	350,333	0.05
Teikoku Sen-I	JPY	26,900	400,369	0.06
Toagosei	JPY	31,600	233,943	0.03
Toei Animation	JPY	3,100	227,909	0.03
Toei	JPY	2,000	225,244	0.03
Token	JPY	4,400	266,697	0.04
Tokio Marine	JPY	66,900	2,744,867	0.39
Tokyo Broadcasting System	JPY	17,400	186,354	0.03
Torii Pharmaceutical	JPY	9,700	178,938	0.03
TS Tech	JPY	20,000	181,454	0.03
Total Japan equities			51,066,029	7.22
Asia (ex-Japan)				
Weiss Korea Opportunity Fund	GBP	800,000	1,952,000	0.28
Total Asia (ex-Japan) equities			1,952,000	0.28
Other equities				
Ambev	USD	2,152,200	4,381,694	0.62
Total other equities			4,381,694	0.62
Total equities			299,735,273	42.30

	Currency	Holding at 31 Dec 21	Fair value £	% of total net assets
Gold exposure and gold equities 7.56%				
(30 Jun 21: 6.62%)				
AngloGold Ashanti	USD	159,390	2,472,359	0.35
IAmGold	USD	1,487,640	3,429,971	0.48
Ishares Physical Gold	USD	300,000	7,865,245	1.11
Kinross Gold	USD	1,806,420	7,742,563	1.09
LF Ruffer Gold Fund*†	GBP	10,073,136	28,194,709	3.98
Wheaton Precious Metals	USD	122,260	3,877,771	0.55
Total gold exposure and gold equities			53,582,618	7.56
Credit protection and options 6.23%				
(30 Jun 21: 7.46%)				
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	29,930,171	21,996,401	3.11
Ruffer Protection Strategies*	GBP	10,193,830	22,126,728	3.12
Total credit protection and options			44,123,129	6.23
Total investments			642,623,790	90.70
Cash and other net current assets			65,892,842	9.30
			708,516,632	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. LF 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.

† No management fee is charged by Ruffer AIFM Limited on this investment.

General information

Ruffer Investment Company Limited was incorporated in Guernsey as a company limited by shares and as an authorised closed-ended investment company on 1 June 2004. The Company launched on the London Stock Exchange on 8 July 2004, with a launch price of 100p per share and an initial net asset value of 98p per share. The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England base rate. The Company invests predominantly in internationally listed or quoted equities or equity related securities (including convertibles) and/or bonds which are issued by corporate issuers, supra-nationals or government organisations.

The Company's redeemable participating preference shares are listed on the London Stock Exchange.

The Company reports its audited annual results each year for the year ended 30 June, and its unaudited interim results for the six months ended 31 December. These Unaudited Condensed Interim Financial Statements were authorised for issue on 25 February 2022 by the Directors.

The Investment Manager is authorised and regulated by the United Kingdom Financial Conduct Authority as a full-scope Alternative Investment Fund Manager (AIFM). The Investment Manager is entitled to an investment management fee payable to the AIFM monthly in arrears at a rate of 1% of the Net Asset Value per annum.

The Investment Manager and the Board intend to conduct the affairs of the Company so as to ensure that it will not become resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a branch or agency situated therein, the Company will not be subject to United Kingdom Corporation Tax or Income Tax.

The Company intends to be operated in such a manner that its shares are not categorised as non-mainstream pooled investments. This means that the Company intends to pay dividends in respect of income that it receives or is deemed to receive by reference to UK tax rules so that it would qualify as an investment trust if it were UK tax-resident.

Sanne Fund Services (Guernsey) Limited (formerly Praxis Fund Services Limited until 6 December 2021) (the 'Administrator') is entitled to receive an annual fee equal to 0.08%. per annum on the first £100 million; 0.04%. per annum between £100 million and £200 million; 0.02%. per annum between £200 million and £300 million; and 0.015%. per annum thereafter; based on the NAV of the Company on a mid-market basis, subject to a minimum fee of £100,000 per annum.

Northern Trust (Guernsey) Limited (the 'Custodian') is entitled to receive from the Company a fee of £2,000 per annum. The Custodian is also entitled to charge for certain expenses incurred by it in connection with its duties.

Northern Trust (Guernsey) Limited (the 'Depositary') is entitled to an annual Depositary fee payable monthly in arrears at a rate of 0.01% of the Net Asset Value of the Company up to £100 million, 0.008% on the next £100 million and 0.006% thereafter as at the last business day of the month subject to a minimum fee of £20,000 per annum.

Management and administration

Directors
Christopher Russell
Jill May
David Staples
Shelagh Mason
Nicholas Pink

Registered office
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Le Truchot
St Peter Port
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Auditor
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3HW

Investment Manager and Alternative Investment Fund Manager
Ruffer AIFM Limited
80 Victoria Street
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Sponsor and broker
Investec Bank plc
30 Gresham Street
London EC2V 7QP

Solicitors to the Company as to UK law
Gowling WLG
4 More London Riverside
London SE1 2AU

Company Secretary and Administrator
Sanne Fund Services (Guernsey) Limited
(formerly Praxis Fund Services Limited)
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Le Truchot
St Peter Port
Guernsey GY1 1GR

CREST agent
Computershare Investor Services (Jersey) Limited
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Advocates to the Company as to Guernsey law
Mourant Ozanne
Royal Chambers
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Custodian
Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Depositary
Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Appendix (unaudited)

Regulatory performance data

To 31 Dec %	†2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
RIC NAV TR	8.9	14.0	0.1	6.0	23.8	15.1	16.5	0.7	3.4	9.5
FTSE All-Share TR	12.3	22.0	16.8	5.3	–29.9	30.1	14.5	–3.5	12.3	20.8
Twice UK Bank Rate	9.9	9.4	11.0	11.2	3.4	1.0	1.0	1.0	1.0	1.0

To 31 Dec %	2014	2015	2016	2017	2018	2019	2020	2021	Annualised
RIC NAV TR	1.8	–1.0	12.4	1.6	–6.0	8.4	13.5	11.4	7.8
FTSE All-Share TR	1.2	1.0	16.8	13.1	–9.5	19.2	–9.8	18.3	7.6
Twice UK Bank Rate	1.0	1.0	1.0	0.5	1.0	1.5	0.5	0.2	3.2

† From July 2004

Source: Ruffer, Bloomberg, FTSE International. Please note that past performance is not a reliable indicator of future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange. Calendar quarter data has been used up to the latest quarter end.

The portfolio data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in this product. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts. The Key Information Document is provided in English and available on request or from ruffer.co.uk.

Alternative performance measures used in the Interim Report

Total NAV/Share price return

Total NAV return and total share price return are calculations showing how the NAV/share price per share has performed over a period of time, taking into account dividends paid to shareholders. It is calculated on the assumption that dividends are reinvested at the prevailing NAV/share price on the last day of the month that the shares first trade ex-dividend. This provides a useful measure to allow shareholders to compare performances between investment funds where the dividend paid may differ.

		Period ended 31 Dec 21	
		Total NAV return	Total share price return
Opening NAV/share price per share		281.32p	287.00p
Closing NAV/share price per share	(a)	287.74p	293.00p
Dividends paid	(b)	1.55p	1.55p
Weighted average NAV/share price per share on month end ex-dividend	(c)	286.55p	302.45p
Dividend adjustment factor (d = b/c + 1)	(d)	1.0054	1.0051
Adjusted closing NAV/share price per share (e = a x d)	(e)	289.30p	294.50p
Total NAV/share price return		2.8%	2.6%

Share premium/(discount) to NAV

Share premium or (discount) to NAV is the amount by which the share price is higher/lower than the NAV per share, expressed as a percentage of the NAV per share, and provides a measure of the Company's share price relative to the NAV.

NAV per share

NAV per share is a calculation of the Company's NAV divided by the number of shares in issue and provides a measure of the value of each share in issue.

Market capitalisation

Market capitalisation is the value of a company that is traded on the stock market, calculated by multiplying the total number of shares by the present share price.