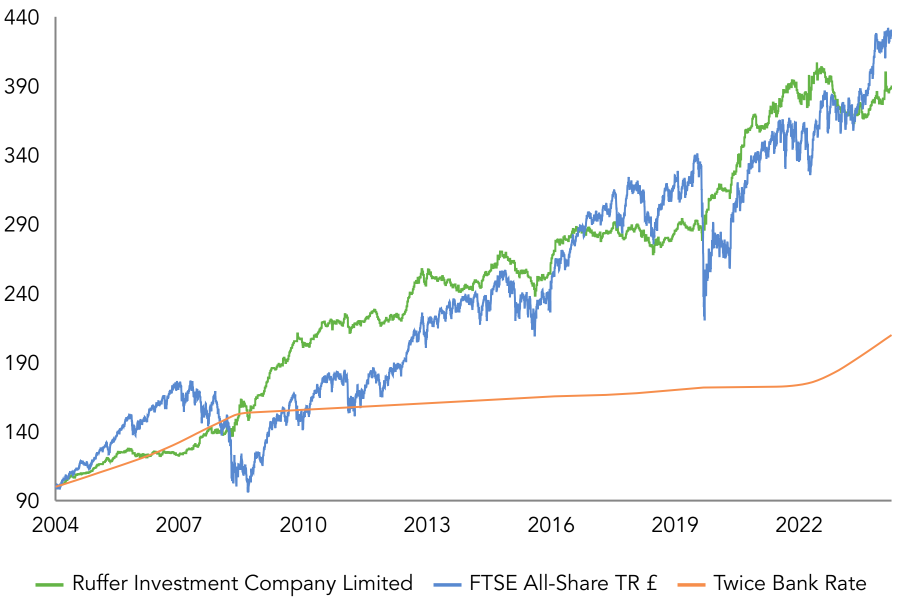
Ruffer Investment Company Limited

SHARE PRICE PERFORMANCE SINCE LAUNCH ON 7 JULY 2004



The fund's positive return in September was almost entirely accounted for by one theme: Chinese equities, which rallied by 25% in just over a week. Correspondingly, rather than attempt a tour d'horizon covering geopolitics and the Federal Reserve, this month's note will focus on China. It's also worth noting that over the quarter, the board have continued their buybacks. In the nine months to 30 September 2024 the board have purchased 35.1 million shares for a total of around £94.8m which equates to 9.2% of the shares outstanding. These purchases have added 0.5% to the company NAV.

Let's begin with the setup: how did we get here? China's managed currency regime means that, to a degree, it imports the monetary policy of other countries. So as the United States and other countries hiked their interest rates through 2022 and 2023, the Chinese had a choice: do we let our currency weaken in response, or do we hike our own interest rates?

Faced with a slowing domestic economy, they couldn't hike rates, and so the renminbi weakened by some 15% against the dollar in 2022 and 2023. What they really wanted (and what their economy needed) was to cut interest rates, but in an environment where all other central banks were hiking, they could not do that without suffering either significant capital outflows or a weaker currency.

They did slightly reduce interest rates (the People's Bank of China's repo rate declined from 2.2% in 2022 to 1.8% by this summer) but even those small cuts saw problems emerge: gold demand in China (a form of capital outflow) skyrocketed, with the premium that Chinese buyers in Shanghai were willing to pay over the global gold price exceeding $100, its highest ever level. The interest rate problem was exacerbated by inflation: falling inflation in China meant that real interest rates were rising faster than the PBoC could cut nominal rates, imposing a higher cost of capital on the economy.

Rising real yields imposes pain on any asset that has leverage or duration, and real estate (which has both) suffered accordingly, with government policy making the problem worse. Equities are a duration asset, and unsurprisingly the equity market in China dropped by some 22% from 2022 to the end of August this year.

We initiated a small position in China at the beginning of 2023, and our confidence in it (and the size of the position in the fund) has grown as the valuations have cheapened since then. The Chinese, inventors of the concept of lingchi (or death by a thousand cuts), seem to prefer incremental policy to Western 'bazooka' stimulus, and for a number of months they have been taking limited action to support markets and the economy.

So why have all Chinese markets suddenly rallied? A July interest rate hike by the Bank of Japan saw the yen rise, taking pressure off the renminbi (which itself rallied materially against the US dollar as a result). Reflecting this, we topped up the China and commodity positions in the portfolio in mid-September to around 10%. The Federal Reserve then announced 50 basis points of interest rate cuts and the beginning of a cutting cycle, finally giving space to China to cut its own interest rates and announce broad policy stimulus without having to fear currency weakness. For China, this is the equivalent of Mario Draghi's 2012 'whatever it takes' moment, and its markets are beginning to reflect that.

Saying goodbye is death by a thousand cuts, and we see no need to say goodbye to the portfolio's China exposure – this could be just the start.

SEPTEMBER 2024

Performance %	Net Asset Value	Share price
September	1.0	1.5
Year to date	3.6	3.0
1 year	5.8	5.9
3 years pa	2.5	0.2
5 years pa	6.1	5.9
10 years pa	4.7	4.6
Since inception pa	7.0	6.6

Share price	
RIC	278.00
Net Asset Value (NAV) per share	290.89

	Net	Gross
Duration (years)	2.0	2.0
Equity exposure %	17.0	27.8

RIC GBP	Volatility %	Sharpe	Sortino
3 years	5.1	-0.2	-0.2
5 years	6.5	0.6	1.1
10 years	5.9	0.6	1.0
Since inception	6.3	0.8	1.5

	%
Premium/discount to NAV	-4.4
NAV total return since inception[1]	290.3
Standard deviation[2]	1.83
Maximum drawdown[2]	-9.59

12 month performance to 30 September 2024

%	2020	2021	2022	2023	2024
RIC NAV total return	8.2	15.4	9.7	-7.1	5.8
FTSE All-Share TR £	-16.6	27.9	-4.0	13.8	13.4
Twice Bank Rate	0.8	0.2	1.6	8.3	10.7

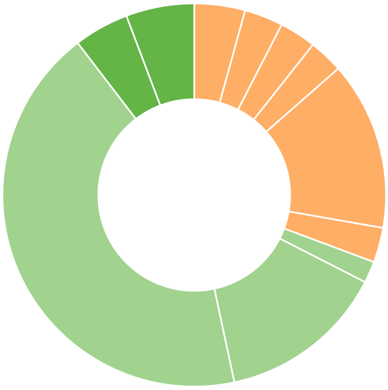
1 Including 52.4p of dividends 2 Monthly data (total return NAV). All figures in the performance table are calculated on a total return basis (including reinvestment of income). If monthly performance is quoted in the commentary, it may be calculated on a price return basis and differ from the information in this table. One to twelve month performance figures are cumulative, all others are annualised. Source: Ruffer LLP, FTSE International. Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

INVESTMENT OBJECTIVE

The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England base rate. The Company predominantly invests in internationally listed or quoted equities or equity-related securities (including convertibles) or bonds which are issued by corporate issuers, supra-nationals or government organisations. Where appropriate, collective investment schemes will also be used to gain exposure to these assets.

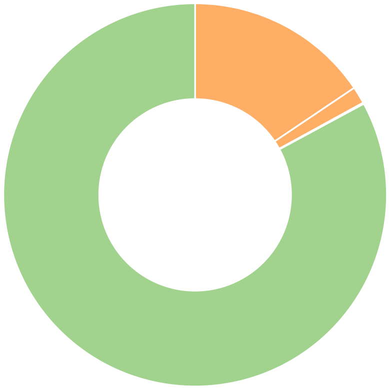
Ruffer Investment Company Limited 30 Sep 24

ASSET ALLOCATION



Inflation	%
Gold and precious metals exposure	5.8
Long-dated UK inflation-linked bonds	4.6
Protection	
Short-dated nominal bonds	43.0
Cash	1.8
Credit and derivative strategies	14.1
Growth	
Financials equities	4.3
Energy equities	3.3
Consumer staples equities	3.1
Consumer discretionary equities	2.9
Other equities	14.2
Commodity exposure	2.9

CURRENCY ALLOCATION



Currency allocation	%
Sterling	82.5
Yen	15.6
Euro	1.4
Swiss franc	0.4
Other	0.1
Geographical equity allocation	**%**
UK equities	11.9
Asia ex-Japan equities	5.3
North America equities	4.9
Europe equities	4.7
Other equities	1.0

5 LARGEST EQUITY HOLDINGS

Stock	% of fund
iShares MSCI China A UCITS ETF	3.5
BP	2.5
Alibaba Group ADR	1.5
Prudential	1.2
Bayer AG	0.9

The credit and derivatives strategies allocation is calculated using market value. In some cases, this allocation might be negative due to the nature of how the instruments, in particular credit default swaps, are priced. Largest equity holdings exclude Ruffer funds | Source: Ruffer LLP | Totals may not equal 100 due to rounding

RUFFER LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2024, assets managed by the Ruffer Group exceeded £20.9bn.

NAV £1,013.0M

SHARES 348,237,764

MARKET CAPITALISATION £968.1M

FUND INFORMATION

Annual management charge %	(no performance fee) 1.00
Ongoing Charges Ratio %	(audited at 30 Jun 24) 1.06
Valuation point	Weekly, every Tuesday and the last business day of the month
Ex dividend dates	March, October
Administrator	Apex Fund and Corporate Services (Guernsey) Limited
Custodian	Northern Trust (Guernsey) Limited
Broker	Investec
Structure	Guernsey domiciled limited company
Discount management	Share buyback Discretionary redemption facility
Listing	London Stock Exchange
NMPI status	Excluded security
Stock ticker	RICA LN
Wrap	ISA/SIPP qualifying

Share class	ISIN	SEDOL
RIC	GB00B018CS46	B018CS4

ENQUIRIES

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FUND TEAM

Duncan MacInnes

FUND MANAGER

Joined Ruffer in 2012. He graduated from the University of Glasgow School of Law in 2007 and spent four years working at Barclays in Glasgow, London and Singapore. He is a CFA charterholder and co-manager of two of Ruffer's flagship funds.

Jasmine Yeo

FUND MANAGER

Joined Ruffer in 2017, having graduated with a degree from Warwick Business School. She is a member of the CISI, and co-manager of two of Ruffer's flagship funds and Ruffer's investment trust.

GLOSSARY

Volatility measures the extent to which returns vary over a given period. High volatility means returns have been more variable over time

Duration measures the sensitivity of a bond or fixed income portfolio's price to changes in interest rates. The higher the duration, the more sensitive the price or portfolio is to changes in interest rates

UK Bank Rate the rate the Bank of England charges banks and financial institutions for loans with a maturity of one day

Sharpe ratio measures the performance of an investment, adjusting for the amount of risk taken (compared to risk-free). The higher the ratio, the better the returns compared to the risk taken

Sortino ratio measures the extra return an investment makes for each unit of bad risk (the chance of losing money below a certain target)

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