

Ruffer Investment Company Limited

An alternative to alternative asset management



June 2023 Issue 217

June recorded a further positive month for global equities, and a frustrating one for the Company, marking what has been a disappointing six month period in the context of our focus on capital preservation.

Markets have increasingly tried to consign 2022 to history. A bad dream, but no more. The prospect of a recession has led to a belief that rates might come down as quickly as they have risen. Supported by plentiful liquidity, stability has dominated. We have been more worried about the potential for instability. Suffering pain in our protective investments is not new, but we would usually hope that this would be offset by good performance from our growth assets. The path for stability described above, in our opinion, would necessitate continued strength in the real economy. We felt this would largely be predicated on continued recovery from China, supported by both stimulus and a powerful re-opening. This led us to focus our growth assets on both commodities, and equities more geared to the real economy. So far, this has not been the case, commodities have created a further headwind. Equally, whilst our equities have contributed positively, this has not been sufficient to offset the cost of protection.

Currently markets are increasingly certain policy makers will successfully be able to bring inflation back to target and will do so without creating any financial instability. The much-fabled soft landing will play out. Meanwhile, with interest rates moving higher than expected, and likely to stay high for longer, the impacts of tighter monetary policy are starting to be felt. This is already having consequences. This will inevitably, and intentionally, slow the economy. Despite this obvious risk, markets remain certain the risks will be contained. Investors are now willing to buy into equities (and indeed corporate credit) despite the fact they now offer a lower return (and higher risk) than cash! We are increasingly taking the other side of this perceived certainty.

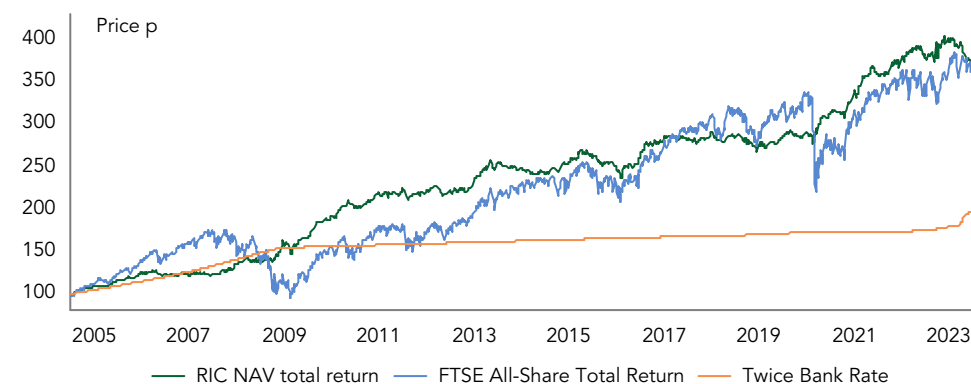
The protections in the portfolio are threefold: structural protection against a new regime which is likely to be characterised by rising and more volatile levels of inflation; shorter-term (and powerful) protection against the potential financial instability caused by tighter liquidity and higher interest rates; and protection against the likely recession that will follow. For the moment, investors seem to be growing in confidence that policy makers will be able to successfully navigate the narrow tightrope of stability. Tightening policy sufficiently to maintain monetary (or inflation) stability, without creating financial instability. We are less convinced. Taking a cautious view can be painful, but history tells us that not long after these periods the risks emerge, leading to significant drawdowns in markets.

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.

Performance since launch on 8 July 2004



Performance %	Net Asset Value	Share price	As at 30 June 2023	p
June 2023	-0.2	-2.0	Share price	276.00
Year to date	-6.8	-10.9	Net Asset Value (NAV) per share	285.78
1 year	-1.7	-7.2		%
3 years	20.0	17.7	Premium/discount to NAV	-3.4
5 years	31.0	25.4	NAV total return since inception ²	271.5
10 years	49.3	43.3	Standard deviation ³	1.86
			Maximum drawdown ³	-8.62

Where monthly share price performance is shown, it is calculated on a price return basis, but during the months of March and September this will include dividend distributions. All other figures are calculated on a total return basis (including reinvestment of income).

²Including 46.4p of dividends ³Monthly data (total return NAV)

12 month performance to June %	2019	2020	2021	2022	2023
RIC NAV total return	-0.9	10.1	15.3	6.0	-1.7
FTSE All-Share Total Return	0.6	-13.0	21.5	1.6	7.9
Twice Bank Rate	1.4	1.1	0.2	0.8	12.2

Source: Ruffer LLP, FTSE International

Ruffer Investment Company Limited as at 30 Jun 2023

Asset allocation



Asset allocation

Asset Allocation Category	Percentage
Short-dated bonds	34.0
Illiquid strategies and options	15.2
Non-UK index-linked	11.3
Long-dated index-linked gilts	7.9
Gold exposure and gold equities	5.0
Cash	5.0

Commodity exposure	8.1
UK equities	6.3
North America equities	3.1
Europe equities	2.4
Asia ex-Japan equities	1.1
Other equities	0.6

Currency allocation

Currency Allocation Category	Percentage
Sterling	69.5
Yen	15.6
US dollar	5.9
Australian dollar	4.2
Other	4.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
Taiwan Semiconductor Manufacturing Co	0.6
Ambev SA	0.6
BP	0.5
Bayer AG	0.4
Alibaba Group ADR	0.4
Hipgnosis Songs Fund	0.4
Cigna	0.3
Amazon	0.3
Trident Royalties	0.3
Taylor Maritime	0.3

5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Jan 2024	5.0
US Treasury FRN 31 Oct 2024	5.0
US Treasury 0.625% TIPS 2026	3.9
US Treasury 0.125% TIPS 2052	3.6
UK Treasury index-linked 0.125% 2073	3.5

*Excludes holdings in Ruffer funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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NAV £1,096m Market capitalisation £1,058.5m Shares in issue 383,517,764

Company information

Annual management charge (no performance fee)	1.0%		
Ongoing Charges Ratio*	1.08%		
Ex dividend dates	March, October		
NAV valuation point	Weekly, every Tuesday and the last business day of the month		
Stock ticker	RICA LN		
ISIN	GB00B018CS46	SEDOL	B018CS4
Administrator	Apex Fund and Corporate Services (Guernsey) Limited		
Broker	Investec		
Custodian	Northern Trust (Guernsey) Limited		
Company structure	Guernsey domiciled limited company		
Share class	£ sterling denominated preference shares		
Listing	London Stock Exchange		
NMPI status	Excluded security		
Wrap	ISA/SIPP qualifying		
Discount management	Share buyback Discretionary redemption facility		

* Audited as at 30 June 2022

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Fund Managers

Duncan MacInnes

INVESTMENT DIRECTOR

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

INVESTMENT MANAGER

Joined Ruffer in 2017, having graduated with a degree from Warwick Business School. She is a member of the CISI, following completion of the CISI Masters in Wealth Management. She has managed private client portfolios and now works with wealth managers and advisors as part of Ruffer's UK wholesale team. She is co-manager of one of Ruffer's flagship funds.



Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 May 2023, assets managed by the Ruffer Group exceeded £25.2bn.