

Ruffer Investment Company Limited

An alternative to alternative asset management



October 2022 Issue 209

The net asset value of the Company fell by 1.0%. This compared to the FTSE All-Share TR which rose by 3.1%.

Financial markets were calmer in October compared to the volatility of recent months. Surveys suggest investors entered the fourth quarter with a sense of dread, indicating they were as bearish as they had been for some time and simply hoping the year would end! Given this starting position, it is perhaps unsurprising financial assets generally rallied in the absence of further bad news. This rally was not universal, and although the Dow Jones enjoyed its best month since 1976, up 14%, the much-vaunted tech sector suffered substantial falls.

There was growing hope central banks would begin to slow their path of interest rate rises, and potentially even begin to hint at pivoting towards future cuts. At the same time, a relatively warmer autumn helped European gas prices fall, removing some shorter-term inflationary pressures. In the UK, the end of Liz Truss's brief term as prime minister, and the junking of her economic plans saw calm return to the gilt markets, which had been the epicentre of market volatility. All these things helped to boost market sentiment. Despite their low weighting, the fund's equity positions were a positive contributor (+0.8%) to returns, while the main headwinds were the unconventional protections (-0.8%). The resurgence in sterling also saw the positions in the US dollar and the yen contribute negatively.

Last month we described a move into long dated US inflation-linked and conventional bonds. We continued this move throughout October. We entered 2022 with our duration position almost entirely hedged, we now have around eight years of duration in the fund. We have also taken some profits in the UK inflation-linked gilts bought at extremely attractive prices at the nadir of the post 'mini-budget' crisis.

Our structural view remains that we have moved into a new regime, characterised by higher and more volatile inflation. Structurally higher inflation means we remain in a bear market for both bonds and equities. Inflation will also be more volatile and there will be periods when it might decline meaningfully. During these phases of falling inflation, we will need to participate in potentially powerful bond rallies. This is unequivocally not a reversion to the regime of the last four decades, but an acknowledgment that the path to the new regime is unlikely to be linear. Active management, including the use of cash, will continue to be key to driving returns.

There was much hope in advance of the Federal Reserve's 2 November meeting that they might pivot in response to growing fears of a global recession. We did not expect them to be enthusiastic to see equity markets rally. Given the continued focus on financial conditions and inflation, we suspected any such rally might only be short lived.

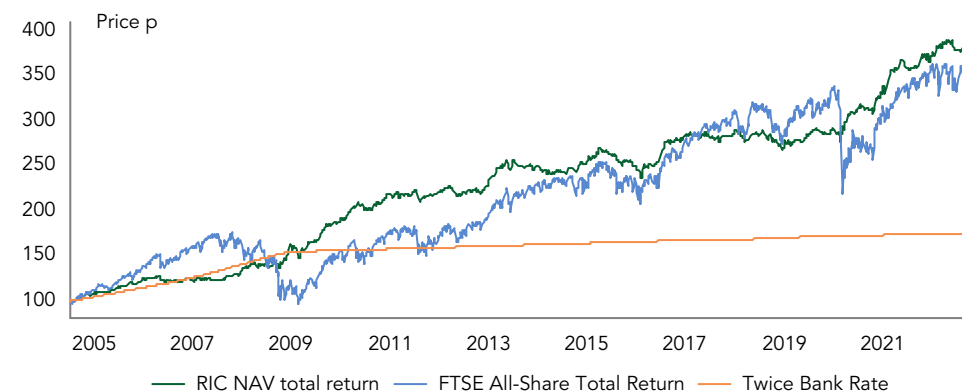
We are holding a meeting for shareholders on Thursday 24 November at our office in London. If you would like to attend please email ruffer@ruffer.co.uk.

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 31 October 2022	p
October 2022	-1.0	5.9	Share price	309.50
Year to date	5.8	6.4	Net Asset Value (NAV) per share	301.53
1 year	5.6	3.8		%
3 years	36.7	45.0	Premium/discount to NAV	2.6
5 years	37.9	39.2	NAV total return since inception ²	290.8
10 years	76.3	77.1	Standard deviation ³	1.86
			Maximum drawdown ³	-8.62

Monthly share price performance is calculated on a price return basis, 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 45.0p of dividends ³Monthly data (total return NAV)

12 month performance to September %	2018	2019	2020	2021	2022
RIC NAV total return	1.5	1.5	8.2	15.4	9.0
FTSE All-Share Total Return	5.9	2.7	-16.6	27.9	-4.0
Twice Bank Rate	1.0	1.4	0.8	0.1	0.8

Source: Ruffer LLP, FTSE International

Ruffer Investment Company Limited as at 31 Oct 2022

Asset allocation



Asset allocation	%
Short-dated bonds	19.5
Illiquid strategies and options	19.1
Long-dated bonds	12.5
Long-dated index-linked gilts	10.6
Non-UK index-linked	9.8
Index-linked gilts	8.9
Cash	3.6
Gold exposure and gold equities	2.0
Global funds	0.2
UK equities	7.1
North America equities	3.1
Europe equities	1.6
Japan equities	1.4
Asia ex-Japan equities	0.1
Other equities	0.3
Currency allocation	%
Sterling	71.1
US dollar	11.7
Yen	9.2
Australian dollar	6.4
Euro	0.6
Other	1.0

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	1.7
Shell	0.4
Mitsubishi UFJ Financial Group	0.4
Sony	0.4
Unilever	0.4
Trident Royalties	0.3
Fujitsu	0.3
Haleon	0.3
Taylor Maritime	0.3
Berkshire Hathaway	0.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.9
US Treasury 0.625% TIPS 2023	5.4
US Treasury FRN 2024	3.2
US Treasury FRN 2023	3.2
UK Treasury 0.125% 2073	3.2

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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NAV £1,048.5m Market capitalisation £1,076.5m Shares in issue 347,817,764

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	Sanne Fund 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 31 December 2021

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Enquiries

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

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

Graduated from Warwick Business School with a degree in international business with Spanish, and joined Ruffer's UK private client team in 2017. She became a member of the CISI in 2020, following completion of the Chartered Wealth Manager qualification. She is an investment specialist in Ruffer's UK Wholesale team, working closely with multi-family offices, wealth managers, financial planners and their clients.



Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 September 2022, assets managed by the group exceeded £26.5bn.