IFPR – MIFIDPRU 8 Disclosure

As at 31 March 2023

The Investment Firms Prudential Regulations (IFPR), implemented in January 2022, requires investment firms to make a public disclosure concerning their adherence to these regulations. This disclosure fulfils Ruffer's obligations to disclose information on the firm's risk management, governance, own funds, own funds requirements and remuneration.

For the purpose of MIFIDPRU regulations, we are classified as a small non-SNI (small and non-interconnected) firm and are subject to the standard disclosure requirements. We are required to provide a level of detail in our disclosures that is appropriate to our size and internal organisation and to the nature, scope, and complexity of our activities.

The following sections of the MIFIDPRU disclosure rules apply

MIFIDPRU 8.1	Disclosure
MIFIDPRU 8.2	Risk management objectives and policies
MIFIDPRU 8.3	Governance arrangements
MIFIDPRU 8.4	Own funds
MIFIDPRU 8.5	Own funds requirements
MIFIDPRU 8.6	Remuneration policy and practices

1 Governance

The Partners of Ruffer LLP (Ruffer or the LLP) have delegated the management of the LLP to the Ruffer LLP board (the Board), which is responsible for the ultimate oversight of Ruffer and its subsidiaries (together with Ruffer, the Group). The membership of the Board consists of both Executive and Non-Executive Directors. The Board is chaired by the Deputy Chair and is collectively responsible for providing challenge to the Chief Executive Officer.

Day-to-day management of the LLP and its functions have been sub-delegated to the Chief Executive Officer, who is supported by an Executive Committee. This Committee is appointed by the Chief Executive Officer and is supported by a sub-committee, the Oversight & Control Committee, which provides oversight of key business functions in keeping with the LLP's three lines of defence model. As at 31 March 2023, the Board was comprised of four Executive Directors and two Non-Executive Directors.

Executive Directors

Jonathan Ruffer
Chair

Chris Bacon
Chief Executive Officer

Miranda Best
Deputy Chief Executive Officer

Henry Maxey
Chief Investment Officer

Non-Executive Directors

Campbell Fleming
Deputy Chair and Chair of the Remuneration and Governance & Nomination Committees

Fleur Meijs
Non-Executive Director and Chair of the Audit and Risk Committees

The Board is ultimately responsible for overseeing the firm's governance arrangements and ensuring that a sound system of internal control and risk management is maintained. The Board is responsible for ensuring that it identifies and considers the balance of interests between all stakeholders, including Ruffer's clients, and manages conflicts of interest appropriately. The LLP has established an Audit Committee, Risk Committee, Remuneration Committee, and Governance & Nomination Committee to support its oversight of the LLP's business.

The Risk Committee has been established to assist the Board in maintaining sound risk management systems and internal control. It advises the Board on setting the firm's current and future risk appetite and strategy, and it oversees the implementation of risk management policies and the monitoring of the firm's risk exposure.

The Governance & Nomination Committee supports the Board by overseeing corporate governance arrangements, including an evaluation of the balance of skills, knowledge, experience and diversity on the Board. Ruffer is committed to running a fair and transparent process for Board appointments, utilising a consistent appointment process for each role.

The LLP has a Diversity, Equity and Inclusion (DE&I) policy in place (the DE&I Policy) which is applicable firmwide, including for the Board. As reflected in the DE&I Policy, Ruffer believes that an inclusive and diverse environment supports good judgement and decision making and that Ruffer benefits from having a diversity of people, of thinking, of opinions and experiences at all levels within the organisation. Ruffer's DE&I Policy does not include specific targets but is intended to support equality in the workplace and assists Ruffer in putting its diversity and inclusion commitments into practice. Progress is measured through gathering regular employee feedback and collection and analysis of DE&I data. The policy covers not only protected characteristics, but also other diverse characteristics, including social background, caring responsibilities and neurodiversity.

In addition to capturing our diversity data, our key areas of focus for DE&I are

- social mobility – promote access to opportunities
- recruitment – broaden the pool with more diverse candidates
- learning and development – develop our staff and unlock their potential
- pay and benefits – increase transparency of performance, pay and promotion

To support the embeddedness of Ruffer's DE&I strategy, the Governance & Nomination Committee has a requirement within its remit to evaluate the balance of skills, knowledge, experience and diversity on the Board prior to any appointment being made. This Committee also considers the appointment, talent management and succession planning processes for the Partnership and the Executive Committee, including approving Partner appointments and removals.

As part of this review of effectiveness of the Board, an assessment of skills and expertise is completed for each Board Member, including an assessment of their time commitment to perform and discharge their duties on the Board. A conflicts of interest register captures both internal and external directorships held by each Member of the Board and is reviewed regularly. No Board Members exceed the rules on the number of qualifying Executive/Non-Executive positions.

		Number of Qualifying Directorships Held	
Name	Position	Outside the firm	Within the firm
Jonathan Ruffer	Chair		1
Chris Bacon	Chief Executive Officer		1
Miranda Best	Deputy Chief Executive Officer		1
Henry Maxey	Chief Investment Officer		1
Fleur Meijs	Non-Executive Director and Chair of the Audit and Risk Committees	2 x NED	1 x NED
Campbell Fleming	Deputy Chair, Chair of the Remuneration and Governance & Nomination Committees	1 x Executive	1 x NED

2 Risk management

Risk is inherent in our business strategy and therefore our appetite for risk is a balance between minimising the loss, or risk of loss, and running an effective business in a challenging environment. Risk is a key component in the daily considerations of all members of Ruffer's senior management both in the management of our clients' assets and the firm's own assets. The drivers of risk are reviewed frequently, with actions taken where appropriate.

Ruffer's approach to risk management involves identifying, assessing, prioritising, and mitigating risks to minimise their potential negative impacts. It aims to enhance decision-making processes by considering potential risks, understanding their likelihood and potential consequences, and implementing strategies to avoid, reduce, transfer, or accept them. These are set by its overarching Business Risk Management Policy that sets to framework manage the business risks arising from normal business activities in order for Ruffer to make informed choices, allocate resources appropriately, and improve overall resilience and performance.

A key component to Ruffer's risk management approach is that it adopts a 'three lines of defence' model where the initial responsibility for risk lies in the individual departments. Senior Managers are ultimately responsible for the accountability and management of the underlying risks associated with their business area. The Business Risk and Compliance teams act as a 'second line' oversight function. The third line of defence is provided by our audit activities.

The Business Risk function has the operational responsibility for risk management and ensuring appropriate reporting and escalation to the Executive and Risk Committees. It has the mandate, authority and independence needed to develop and implement meaningful risk management measures and guide Ruffer's committees in managing risk.

Risk appetite is the amount of risk Ruffer is prepared to tolerate prior to its escalation to senior management for further action. The appetite influences the amount of capital to hold for losses.

In the first instance, Ruffer determines these reference points by classifying the appetite for each risk into one of the following general categories

Zero	Ruffer does not like this risk and is able to eliminate it while still running the business. Therefore, there is no appetite for this type of risk.
Minimal	Ruffer does not like this risk but cannot run its business without exposure to it. Therefore, it will actively reduce it to as low a level as possible without making the business inoperable.
Conservative	Ruffer does not like this risk and will accept a limited exposure so long as the benefits outweigh the risk.
Modest	Ruffer is prepared to accept this risk as the financial, resource or opportunity cost of reducing it outweighs the benefits.

As well as the above categories, each risk is given a quantitative appetite where possible. The risk appetite has been prepared by the Business Risk team and finalised with the Executive Committee, prior to review by the Board. The risk appetite is periodically reviewed and confirmed or updated; such reviews and updates are not only conducted when the Internal Capital Adequacy Risk Assessment (ICARA) is updated, but also when the risks associated with the firm, or the markets in which it operates, are materially updated. This is maintained by the Business Risk team.

Ruffer's risk appetite is linked to

– the business model and strategy of the firm
– potential, as well as historical, loss experience and
– the skills, resources, and technology the firm has to manage monitor and mitigate risk.

Risk is reported via Ruffer's governance committees who provide the necessary structure, oversight, and accountability to ensure that risk management is effectively integrated into Ruffer's day-to-day activities.

Regular internal audits are performed by the Internal Audit team. All processes and systems are in scope for review and the audits look to identify any areas of process or control weakness and recommend improvements. Internal Audit activities are overseen by the Audit Committee. Ruffer's financial statements, business and CASS controls are subject to an external audit each year. The external audits are undertaken by the LLP's Auditor, Ernst and Young, the outcome of which is reported to the Audit Committee and the Board.

Own funds requirements

In determining the firm's own funds requirement, Ruffer has identified, assessed, and presented mitigations against those risks to which we are exposed. This is done as part of the ICARA process where potential harm to clients, markets and the firm is considered.

Concentration risk

The nature of the communications and relationships we have with clients mean that, in general, clients invest in the Ruffer philosophy, rather than that of an individual fund manager. This implicitly manages the risk of loss of clients and AUM in line with our conservative appetite.

Concentration risk in a single client or client relationship is managed by monitoring the size of an individual client's investments and their materiality to Ruffer.

Liquidity risk

Liquidity risk is the risk that we do not have sufficient assets, or the assets we do have are insufficiently liquid, to meet liabilities as they fall due. Cash flow shortages could give rise to financial penalties or gaps in the services required to support the full operation of the business with impacts on reputation and going concern. We actively monitor and manage our cash flow to ensure that financial liabilities can be met in a timely manner. In addition to the basic liquid asset requirement, the firm holds a buffer to mitigate any unexpected adverse trends throughout the economic cycle.

Liquidity has also been considered in the context of 'harm to market'. There is a risk that Ruffer does not have sufficient liquidity across clients, portfolios and funds to meet redemption requests in the event of a correlated withdrawal of investment from Ruffer without having a material impact on the price of assets. Ruffer manages portfolios and funds to ensure redemptions can be met in a timely manner with minimal (zero) impact on market prices.

3 Own funds

Composition of regulatory own funds (OF) as at 31 March 2023

OF1	Item	Amount £k	Source in the audited financial statements
1	Own funds	26,447	Note 12
2	Tier 1 capital	26,447	Note 12
3	Common equity Tier 1 capital	26,447	Note 12
4	Fully paid up capital instruments	26,447	Note 12

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

OF2		Balance sheet as per audited financial statements at period end	Cross-reference to template OF1
1	Debtors	107,129	
2	Tangible assets	4,315	
3	Investment in subsidiary undertakings	1,348	
4	Cash at bank and in hand	91,784	
	Total assets	204,576	
1	Creditors: amounts falling due within one year	54,370	
2	Accruals and deferred income	22,125	
3	Creditors: amounts falling due after one year	177	
	Total liabilities	76,672	
1	Members' capital classified as equity under FRS 102	32,969	
2	Debt capital due to Members	1,736	
3	Members' other interests: reserves classified as equity under FRS 102	93,200	
	Total shareholders' equity	127,905	

Reconciliation of regulatory own funds to template OF2

Regulatory own funds £k

1	Members' capital classified as equity under FRS 102	32,969	
2	Capital amounts not eligible for consideration	(6,522)	
3	Total own funds	26,447	OF1 Line 4

Main features of own funds instruments issued by the firm

Ruffer LLP's own funds consist of capital contributed by its working members in accordance with the partnership agreement of the LLP. This capital is sufficient to meet working capital and regulatory capital requirements and calculated less any unpaid capital.

Ruffer LLP members' capital may need to be repaid to members that leave or retire from the LLP, subject to the condition that following such repayment total members' capital remains greater than the LLP's FCA financial resources requirement at the relevant time and does not reduce the total members' capital below an amount comprising 95% of the total LLP capital on the first day of that accounting period. Hence, 95% of the LLP's fully paid-up capital is recognized for FCA own funds purposes.

4 Own funds requirements

Ruffer LLP's approach to assessing compliance with the overall financial adequacy rule is to undertake a regular ICARA process. Under ICARA, Ruffer is required to meet its overall financial adequacy rule (OFAR), as outlined in MIFIDPRU 7.4.7R. OFAR makes the split between capital requirements for ongoing operations and capital requirements for an orderly wind down, with the capital retained being the higher of the two. Ruffer LLP maintains a wind-down plan and has assessed the amount of own funds and liquid assets required to support an orderly wind-down of the firm.

The starting point is the own funds requirement: for ongoing operations this is the K-factors requirement; for wind-down this is the fixed overhead requirement. To determine whether any additional own funds are required, Ruffer has identified, assessed, and presented mitigations against those risks to which we are exposed as a going concern, and for wind-down scenarios, modelled the potential costs against likely inputs and starting levels of AUM. Each of these assessments are considered separately and the higher of the totals (own funds plus additional own funds) is the minimum regulatory requirement. The own funds requirements, excluding our internal assessment of additional own funds, are as follows.

Higher of	Ruffer LLP £k
Permanent minimum capital requirement (PMR)	150
Fixed overhead requirement (FOR)	16,607
K-factor requirements	
K-AUM	4,992
K-CMH	1,052
K-ASA	3,606
Total K-factors requirement (KFR)	9,840
Own funds requirement (higher of PMR, FOR and KFR)	16,607
Own funds surplus	9,840

In addition, Ruffer LLP ensures it complies with its liquid assets threshold requirement. This is based on its Basic Liquid Asset Requirement of 1/3 of FOR plus an assessment of any additional liquid assets required in stressed conditions and during an orderly wind-down.

	Ruffer LLP £k
Liquid assets threshold requirement (1/3 FOR)	5,536
Cash at bank on 31 March 2023	91,784
Liquid assets surplus	86,248

5 Remuneration policy and practices

This remuneration disclosure has been prepared to satisfy the requirements of the FCA's Handbook, specifically MIFIDPRU 8.6 Remuneration Policy and Practices. Ruffer LLP is subject to the standard remuneration requirements of the MIFIDPRU Remuneration Code and therefore this disclosure has been undertaken in line with the provisions required for a small non-SNI firm.

Remuneration principles

Ruffer LLP's approach to remuneration is to ensure that its remuneration practices benefit the LLP's long-term business strategy promoting the longevity of the business, whilst ensuring that Ruffer's clients remain at its heart. In doing this, Ruffer seeks to align remuneration with effective risk management and ensure that staff are not incentivised to act in ways that might undermine these principles.

The determination of remuneration arrangements will also include consideration of the Group's risk appetite and strategy, including environmental, social and governance (ESG) risk factors, the Group's culture and values, and the long-term effects of investment decisions taken.

Governance framework

The Remuneration Committee is a sub-Committee of the Board and is constituted solely of non-executive members that are responsible for the oversight of Ruffer's remuneration policies and for the remuneration practices in respect of staff whose professional activities have a material impact on the risk profile of Ruffer ie its Material Risk Takers (MRTs). The Executive Committee is responsible for the remuneration practices for employees. Through periodic reviews, both bodies are responsible for ensuring the appropriateness and operation of Ruffer's Remuneration Policy.

Review of the Remuneration Policy includes input from the Business Risk and Compliance teams and is reviewed and approved at least annually by the Remuneration Committee. The Remuneration Committee met three times during the last year.

Deloitte has been appointed as Ruffer's external advisor on remuneration regulation.

Remuneration components and link to performance

Remuneration is comprised of fixed and variable pay. For employees, fixed pay includes base salary, benefits and pension with variable pay delivered through the annual bonus award that all employees are eligible for. Partners are remunerated through an annual income allocation, which includes fixed pay, comprised of monthly drawings and special drawings, and a variable allocation reflecting contribution to the Partnership.

No award or payment of variable remuneration will be made where it would affect the ability of Ruffer or the Group to maintain a sound capital base. In determining the variable performance-related element of remuneration, Ruffer considers the overall profitability of the Ruffer Group; the relative and absolute performance of each business unit; individual performance, contribution and potential, covering both financial and non-financial elements; and market trends in the reward of those in possession of particular skills and experience. No part of variable remuneration will be directly linked to the performance of a fund managed by an individual member of staff, other than as a component of their overall performance.

Non-financial criteria include individual conduct, building and maintaining positive client and colleague relationships and outcomes, performance in line with firm strategy and values, including positive outcomes for our clients, adherence to risk management and compliance policies, achieving objectives relating to ESG factors, and diversity and inclusion. Non-financial criteria may override financial performance where appropriate.

For Partners, the variable award is subject to Ruffer's voluntary alignment scheme which retains and defers 50% of the variable remuneration over three years to link to our client's interests.

Risk adjustment

Ruffer is focussed on supporting effective risk management and does not encourage any behaviours that are inconsistent with our established risk profiles. Ruffer's Business Risk, Compliance, Internal Audit, HR, Finance and Legal functions all provide input at different stages of the process. Risk adjustment may be applied at an individual level, at a pool/aggregate level, or at team level. Variable remuneration will also generally be considerably contracted where Ruffer's financial performance is subdued or negative.

All measurements of performance used as a basis to calculate variable remuneration consider current and future risks, both financial and non-financial, including prudential, conduct and reputational risks. Ruffer may also consider, among other elements; reported risk breaches and performance against risk appetite as part of its bonus pool risk adjustment considerations.

All staff participating in variable remuneration plans are subject to review for ex-post risk adjustment with decisions regarding the application of ex-post risk adjustments to MRTs taken by the Remuneration Committee. Ex-post risk adjustments may include in-year adjustments (reducing current year awards), the application of malus (reducing unvested deferred remuneration), and clawback (reclaiming vested awards). For MRTs, the circumstances for which malus or clawback may be applied include but are not limited to: where there is reasonable evidence of misbehaviour on the part of the individual; a material failure of risk management; serious reputational damage to Ruffer caused by the individual; or a material misstatement in the financial statements that led to a higher award being issued. In the event of a material downturn in its financial performance, malus may also be applied.

Specific remuneration structures

Guaranteed variable remuneration is only awarded to MRTs in exceptional circumstances and is limited to new hires in their first year of service and only when sustainable according to Ruffer's capital position.

Severance payments are non-contractual and non-statutory payments related to early termination that reflect an individual's performance and contribution over time. The highest severance payment awarded to an MRT in 2023 was £1.1m. In determining the amount of a severance payment Ruffer considers among other factors; the individual's role and length of service, any current year variable performance related remuneration and the reason for the termination and ensure that they are designed in a way which does not reward failure or misconduct.

Material risk taker identification

Under the MIFIDPRU Remuneration Code, Ruffer is required to identify its MRTs. Ruffer has considered the qualitative criteria set out in the MIFIDPRU Remuneration Code, and considered all types of risk relevant to Ruffer, including those of a prudential, operational, conduct and reputational nature.

Ruffer has identified its Board members and all of its Partners to be MRTs, as well as certain individuals in roles that are deemed to have equivalent responsibility to Partners.

The Remuneration Committee approves the identification and remuneration outcomes of MRTs on an annual basis.

Total amount of remuneration awarded 2022/2023

Ruffer has identified 54 MRTs in respect of the performance year to 31 March 2023.

Remuneration £m	Senior managers	Other MRT	Other staff	Total
Fixed	4.0	7.7	23.4	35.2
Variable	25.7	12.4	11.9	50.1
Total	29.7	20.1	35.3	85.3

Total amount of severance pay and guaranteed variable remuneration awarded to MRTs

Details of the severance pay awarded to Senior Managers and other MRTs has been aggregated so as not to lead to the disclosure of information of any specific individual.

Severance pay	Total MRT
Number of payments during financial year	5
Value of payments during financial year (£m)	2.5

Details of the guaranteed variable remuneration awarded to Senior Managers and other MRTs has not been disclosed so as not to lead to the disclosure of information of any specific information.