Ruffer Investment Company Limited

Annual report
for the year ended
30 June 2021

Contents

Key performance indicators

	30 June 21 %	30 June 20 %
Share price total return over 12 months[1]	19.5	12.4
NAV total return per share over 12 months[1]	15.3	10.1
Premium/(discount) of share price to NAV	2.0	(1.5)
Dividends per share over 12 months[2]	1.90p	1.85p
Annualised dividend yield[3]	0.7	0.8
Annualised total return per share since launch[1]	7.9	7.4
Ongoing charges ratio[4]	1.08	1.08

Financial highlights

	30 June 21	30 June 20
Share price	287.00p	242.00p
NAV at year end as calculated on an IFRS basis[5]	£575,851,333	£444,112,381
NAV at year end as reported to the LSE	£575,913,008	£444,389,282
Market capitalisation[6]	£587,541,854	£437,507,967
Number of shares in issue	204,718,416	180,788,416
NAV per share at year end as calculated on an IFRS basis[5]	281.29p	245.65p
NAV per share at year end as reported to the LSE	281.32p	245.81p

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

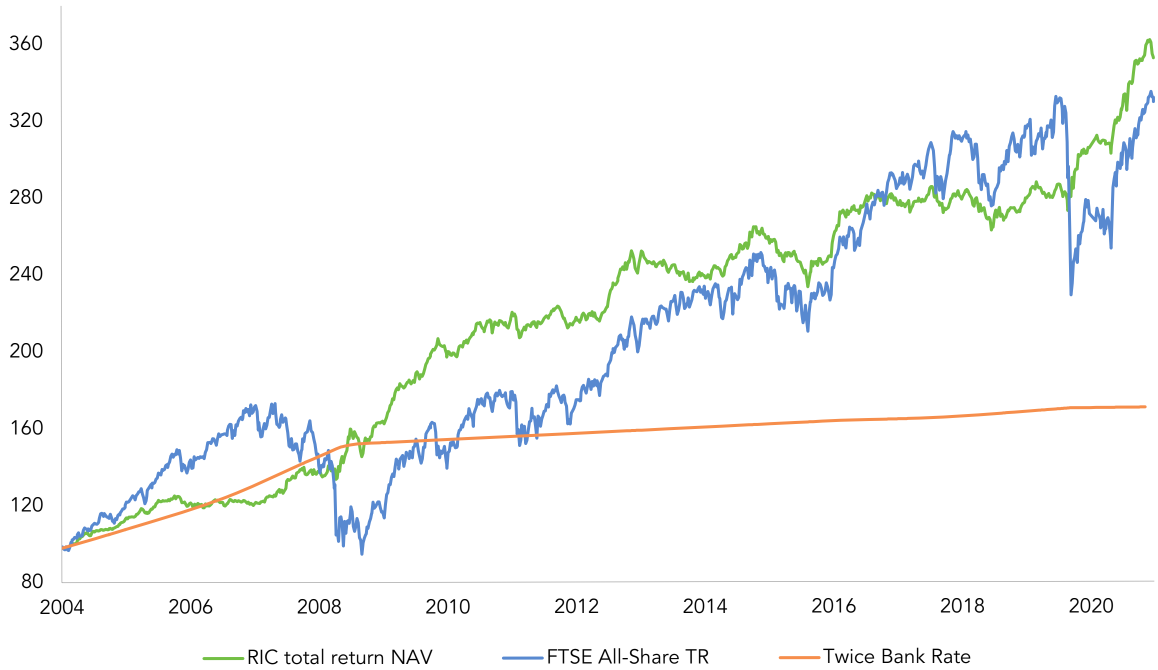
2 Dividends declared during the year

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

4 See note 9

5 This is the NAV/NAV per share as per the Financial Statements. Refer to note 14 on page 100 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). Data to 30 June 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.

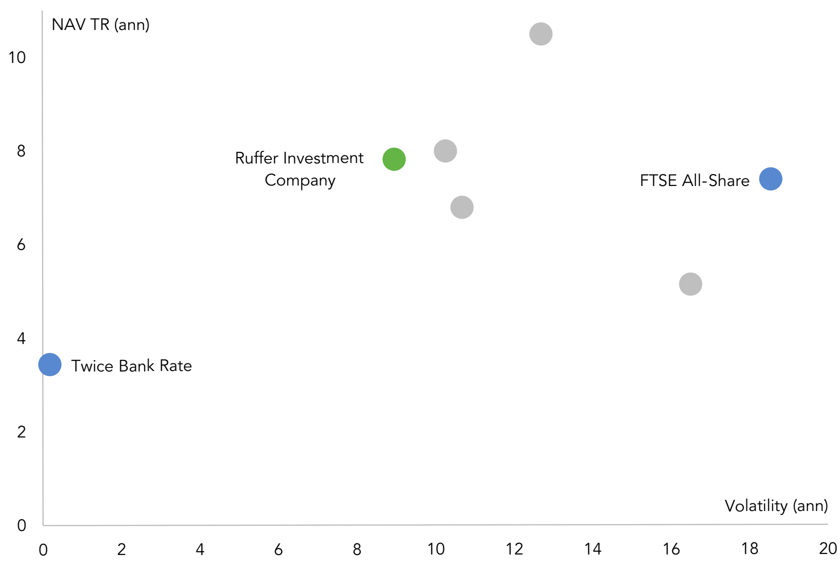
Chairman's statement

This has been another excellent year for your company. The net asset value (NAV) total return[7] of the Ruffer Investment Company Limited (RICL or 'the Company') over the year to 30 June 2021 was 15.3%, the NAV per share[7] rising from 245.65p to 281.29p. The share price total return[7] was 19.5%. The NAV return was augmented by the share price moving from a discount to NAV[7] of -1.5% to a premium[7] of +2.0% over the period. The compound annualised NAV total return[7] to 30 June 2021 since the Company's launch in July 2004 was 7.9%.

The nominal annual return is not the only important performance metric. A given return with little volatility will grow more wealth over time than the same average return with greater volatility. Furthermore, a relatively low correlation between RICL and other asset returns helps reduce the volatility of a portfolio which contains RICL shares. And whereas an equity/bond combination has traditionally been a low risk approach to achieving the same outcome, that strategy is now potentially high risk because future returns from bonds and equities are likely to move together when interest rates rise as Central Banks begin to tighten monetary policy.

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, which Kepler, a company which analyses funds, refers to as 'protective diversifiers'.

NAV total return[7] versus volatility, July 2004 – 30 June 2021



Source: Ruffer, Morningstar. Constituents: Personal Assets, Capital Gearing, Aberdeen Diversified Income & Growth, RIT Capital Partners

7 See appendix for Alternative Performance Measures (APMs)

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

To 30 June 21	Sharpe ratio	Sortino ratio
Ruffer Investment Company since inception (July 2004)	0.93	2.09
FTSE All-Share Total Return Index since July 2004	0.47	0.75

Portfolio management

My statement in the interim report focused on the 'what' and the 'why' of the Company's long-term investment objective to provide a total return of twice Bank Rate. However, there was little on how that objective is achieved, other than alluding to an 'all-weather portfolio' which, in the words of Jonathan Ruffer, is 'trying not to be wrong rather than attempting to be right'.

'All-weather' implies quite a wardrobe of different assets. The RICL investment strategy is different from the conventional protection of an equity/bond split offering economic cycle exposure to growth as well as protection against deflation.

The RICL portfolio combines some unusual assets to manage exposures. Nicolas Taleb coined the word 'antifragile' to express a concept which goes beyond simply resilience or robustness to an adverse influence. Fragility suffers from shock. Resilience resists shock and stays the same but antifragility implies gain from adversity.

Ruffer AIFM Limited (RAIFM or 'the Investment Manager') uses antifragile assets as part of the all-weather wardrobe by building portfolios which benefit from unexpected events. Fragile assets are combined with a protection strategy which, as Taleb would say, does not try to predict risks but to mitigate against them. RICL achieves this by using financial assets explicitly designed to benefit from market volatility, thereby offsetting fragility.

Real assets

RICL's stated investment objective of a return of twice Bank Rate would have provided a low volatility return over the long run, but in at least one third of the last 120 years cash produced a negative real return, and in eight of those years it lost more than 10% after inflation. Concern over inflation explains the high proportion of the RICL portfolio invested in real assets such as index-linked bonds and gold-related securities.

During the year, RICL briefly added an exposure to cryptocurrency to its armoury of real assets that have the potential to hold their value while fiat currencies are being devalued. Having followed and analysed bitcoin in depth and for an extended period, the Investment Manager viewed the cryptocurrency in November 2020 as an emerging store of value with an attractive risk/return profile. The price subsequently discounted the surge in excess liquidity which appeared to be peaking in April 2021 and the position was sold, having contributed 515 basis points to RICL's total return in the financial year.

More than thirty years before bitcoin was created, Frederick von Hayek, who received a Nobel prize in 1974 for his work on the theory of money, argued the case against government monopoly of money. In a paper published by the Institute of Economic Affairs in 1976 entitled 'the Denationalisation of Money', he suggested there is no need for a very sharp distinction between what is and what is not money, nor for a definition which assumes the medieval conception that all money, or the value of money, must necessarily be a creation of the state.

Government-issued currency has a long history of depreciation of value in relation to goods and services. Hayek cites Diogenes, the 4th century BC cynic, who called money the politician's game of dice. The concept of legal tender was questioned in cases fought in the US Supreme Court after the American Civil War, and in the German courts after the First World War, when debts were enforced which were repaid in Marks worth a 15,000th part of their original value.

Who in the UK today would sensibly exchange one gold sovereign, which in 1913 would buy a suit, for a one pound coin, which is the same in legal tender but which would now buy less than one litre of milk? Since the US Federal Reserve was created in 1913, the US dollar has depreciated, in terms of US consumer prices, by 96%.

Bitcoin may fall in value for other reasons, but as an asset sitting outside the fiat money system it is an intriguing prospect as a digital version of gold. Importantly this is completely different to Central Bank Digitised Currencies (CBDC), which are nothing more than a digital version of their fiat cousins and are in no way protected from a similar debasement.

Hayek's message was that value is a relationship which only has meaning when the quantity of one object is measured in terms of another and the freedom of the individual is best protected by constitutions which prohibit restrictions on transaction in any kind of money or precious metals. He said 'there could be no more effective check against the abuse of money by governments than if people were free to refuse any money they distrusted and to prefer money in which they had confidence'.

This is the backdrop against which the Company has taken significant positions in real assets. In the last six months the threat of inflation has taken centre stage amongst the commentariat and investment community and the Company is positioned to protect investors against what may prove to be a generational event in terms of wealth distribution.

Share buy-backs and issuance

While there have been no share buy-backs during the year, a case was made, in my Chairman's statement in the interim report, for share buy-backs where discounts of the share price to NAV per share were perceived to be excessive and temporary. While discounts to NAV can offer opportunity for arbitrage for potential investors, current shareholders benefit from buy-backs which can add both to NAV per share and market liquidity. Accordingly, the Company is again seeking authority in the forthcoming Annual General Meeting to buy back up to 14.99% of the Company's issued share capital.

At the AGM in December 2020, the Company also sought and obtained authority to issue up to 10% of the Company's issued share capital on a non-pre-emptive basis. In April 2021, the Company issued a circular to extend that permission for a further 19,546,841 shares and this was supported by 98.95% of the votes cast at an EGM in May 2021. Following a second circular, at an EGM in September 2021, 92.96% of votes cast authorised the issuance of another 21,684,841 shares. The shareholder authority for both of these permissions is effective until the AGM in December 2021, when the Company will again seek renewal. Share issuance is, however, separately subject to Prospectus Rules. These rules limit to 20% the aggregate number of shares issued by tap over the preceding twelve months without the Company publishing a prospectus. Consequently, the Board is now planning to issue a prospectus to reset the 20% capacity afforded by the Prospectus Rules, and (subject to shareholder approval) will take the opportunity at the same time to offer new shares to both existing and future investors. We want to ensure that such an offer is accessible to both institutional and retail shareholders.

The case was made for share issuance at a premium, including costs, through share sale, or from treasury, on a non pre-emptive basis on the following grounds

- to meet ongoing demand in the market in order to provide effective management of the premium to NAV per share at which the shares may trade so as to ensure that long-term investors who regularly acquire shares are not disadvantaged
- increase the size of the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio
- enhancement of the NAV per share
- improvement of liquidity in the market for the shares.

These shares were issued gradually in the second half of the year to meet a market demand which was driving a premium of share price to NAV per share. In the year ended 30 June 2021, the Company issued 23,930,000 shares (13.2% of 30 June 2020 share capital) for a total net consideration of £67.4 million, which contributed 1.1p to NAV per share. Combined with the appreciation of the share price, the market capitalisation of RICL therefore rose from £437.5 million to £587.5 million during the year. Subsequent to the year end, the Company issued a further 14,695,000 shares for a total net consideration of £41.9 million. Whilst size is not an objective in itself, the enhanced marketability of RICL shares potentially enhances the attractiveness of the Company to shareholders.

Earnings and dividends

During the year the Company generated 3.30p per share of revenue and 33.13p per share of capital gain. The Company has always invested for total return which gives flexibility to the Investment Manager to pursue the optimal investment strategy for the long-term generation of return and preservation of capital.

In order for the Company to remain able to be marketed to a UK retail client base, it must distribute at least 85% of revenue earned in any given year. Having paid out an interim dividend in March 2021 amounting to 0.95p per share, the Company has declared a second interim dividend for this year of 1.55 pence per share, of which 0.7 pence relates to a one-off special dividend received from one of the Company’s investments. The remaining balance of revenue earned has been retained to add to the revenue reserve which may be used to help protect dividends against future fluctuations in revenue.

Responsible investing

The Annual Report includes a comprehensive section on how environmental, social and governance (ESG) considerations are embedded in the Ruffer investment process. The Investment Manager recognises that ESG factors are a source of both opportunity and risk at the macro- and micro-economic level. RICL seeks to be a responsible steward of its shareholders’ assets and this is set out in the Responsible Investment report.

Among other things, Ruffer is a signatory to the UN Principles for Responsible Investment (PRI), to Climate Action 100+, to the Transition Pathway Initiative and the Institutional Investors Group on Climate Change (IIGCC). During the year, the Investment Manager has continued the good work achieved in its equity holdings – engaging with companies and advocating for change where appropriate. It has also developed a proprietary sustainability rating model for government debt and is actively researching alternative assets with potential to protect or benefit portfolios in the future.

The Board and the Investment Manager are mindful that ESG considerations continue to emerge, that this area is a marathon and not a sprint, and that the considerations are broad in nature, affecting such areas as public policy, taxation, consumer preferences as well as the impact on specific entities and areas of investment.

Board composition

The Company saw Ashe Windham retire at the AGM in December 2020 after nine successful years as Chairman. This followed the retirement in June 2020 of John Baldwin and the appointment of Shelagh Mason and, on 1 September 2020, Nick Pink. On my appointment as Chairman, Jill May became Senior Independent Director.

While Shelagh has been able to join the other Guernsey Board members in physical meetings, Nick has yet to be able to do so due to Guernsey covid-19 travel restrictions. That said, it is indicative of developments in technology that Nick and Jill have been able to contribute positively through Zoom and other media and we can now look forward, when travel constraints are lifted, to physical meetings. Not least of these is the annual day of information meetings in London between the Board and Ruffer executives. This day allows the Board to meet all the teams which contribute to RICL's portfolio in such areas as ESG, risk, investment and business strategy, specialist investment, counter-party and sub-custody analysis or cyber security. It is the opportunity for the Board to deep-dive in to areas of particular Board focus.

Towards the end of the year, we commissioned an external evaluation of the Board, the Chairman and the Investment Manager. The rankings given by each Director to questions in the survey were useful in as much as they identified above average assessments which needed to be sustained and below average which needed attention. The results of the Board evaluation are discussed further in the corporate governance statement on page 54.

Communication with shareholders

The Investment Manager communicates regularly with shareholders on the investment thinking which drives RICL performance. There has been an increased volume of digital connection with current and potential shareholders through website thought pieces, monthly fact sheets, Ruffer radio, shareholder webinars and other media communication.

Given the constraints on public gatherings created by the covid-19 pandemic, and the UK government's plan to permit virtual general meetings, the interim statement mentioned that the Board and Investment Manager were considering how to open the AGM virtually to all shareholders who have internet access. Enabling either a full virtual or hybrid Zoom AGM needs a change to the Articles and this is proposed in the resolutions for the forthcoming AGM.

Zoom AGMs have had a mixed reception so far with other investment companies. In many cases there has been limited if any attendance and in all cases at significant extra cost to all shareholders. If the resolution to change the Articles is passed, we will canvas shareholders for their views before pressing the virtual button.

The future

Inflation is centre stage of debate. Many seem to have ignored the fact that inflation has been devaluing their net worth for years. In the last ten years alone, since December 2010, a pound has lost some 25% of its value in retail price terms, and 43% since December 2000. An investor who bought a FTSE 100 ETF in 2000, thinking to protect wealth by investment in the UK's 100 largest listed companies, will have since lost nearly half that capital in real terms.

The current inflation debate seems to have focused more on the likely rate of change in consumer prices than in asset prices, commodities, energy, metals and food or the extent to which price increases may already be embedded in expectations. The Investment Manager's report shows that the percentage of businesses in the US raising prices is at a 35-year high and that global data indicate a similar picture. As long as Central Banks can continue to contain market expectations on interest rates, inflation will continue to be politically the cheapest form of taxation.

Hayek wrote in 1940: 'it has never been denied that employment can be rapidly increased, and a position of full employment achieved in the shortest possible time, by means of monetary expansion. All that has been contended is that the kind of full employment created in this way is inherently unstable and perpetuates fluctuations'. Post-war economic history seems to prove his point and as a Spanish philosopher once said, if we cannot learn from history we are condemned to repeat it.

Analysis in the Investment Manager's report shows the asymmetry of risk in bonds arising from a sustained inflationary scenario which, as they say, implies 'heads you don't win much, tails you lose a lot'. It also shows the likely impact on other assets, including the risk premium on certain equities, of un-anticipated inflation. The Board is comfortable with the Investment Manager's high level of conviction in the longer-term inflationary end-game, even if the mid-game moves and timings are uncertain, and it is confident that the RICL portfolio adequately combines recognition of the high-conviction scenario with a level of protection against unpredictable outcomes.

Christopher Russell

5 October 2021

Business model and strategy

The Company carries on business as a closed-ended investment company. Its shares are traded on the Main Market of the London Stock Exchange (LSE) and it was admitted to the premium segment of the Official List of the UK Listing Authority on 20 December 2005. The Company is externally managed by Ruffer AIFM Limited, a UK investment manager authorised and regulated in the conduct of investment business in the United Kingdom by the Financial Conduct Authority (FCA). Ruffer AIFM Limited is also the Alternative Investment Fund Manager (AIFM) of the Company.

Board

The Board of Directors is responsible for the overall stewardship of the Company, including general management, structure, finance, corporate governance, marketing, risk management, compliance, gearing, contracts and performance. Biographical details of the Directors, all of whom are non-executive, are listed on pages 40 and 41 and on the Management and Administration summary on page 126. The Company has no executive directors or employees.

The Board has contractually delegated to external parties various functions as disclosed in the Corporate Governance Statement on pages 48 to 59.

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 Bank Rate.

The Bank of England rate throughout the year ended 30 June 2021 was 0.10%.

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.

Investment strategy

The Company's strategy is to create a balanced portfolio of offsetting assets which in aggregate are intended to enable the Company to meet its investment objective. The aspiration remains to produce consistent positive returns, regardless of the performance of financial markets. Over shorter periods this is likely to result in the Company lagging sharply-rising equity markets, but outperforming falling equity markets. This strategy will be implemented predominantly through investments in listed securities, collective investment schemes and currencies but the Investment Manager has the flexibility to use other asset classes should it be necessary to do so.

The investment strategy has been tested in the last 12 months as conditions in markets have changed quickly, but the portfolio has stood up to this test. In order to achieve the Company's investment objective we need to be able to perform in both rising and falling asset markets. This means that we maintain a balance of investments with a small but potent book of cyclical equities to perform should economic and financial conditions continue to improve, index-linked bonds and gold to benefit from sustained higher inflation and financial repression, and credit protection and options to protect the Company should there be a shock to financial markets.

Investment policy

In selecting investments, the Company adopts a stock picking approach and does not adopt any investment weightings by reference to any benchmark. Both the Board and the Investment Manager believe that the adoption of any index related investment style would inhibit the ability of the Company to deliver its objective.

The Company invests across a broad range of assets, geographies and sectors to achieve its objective. This allocation will change over time to reflect the risks and opportunities identified by the Investment Manager across global financial markets, with an underlying focus on capital preservation. The allocation of the portfolio between different asset classes will vary from time to time so as to enable the Company to achieve its objective. There are no restrictions on the geographical or sectoral exposure of the portfolio (except those restrictions noted below).

The universe of equity, equity related securities or bonds in which the Company may invest is wide and may include companies domiciled in, and bonds issued by entities based in, non-European countries, including countries that are classed as emerging or developing. This may result in a significant exposure to currencies other than pound sterling. Where appropriate, the Investment Manager will also use in-house funds to gain exposure to certain asset classes.

The Company may use derivatives, including (but not limited to) futures, options, swap agreements, structured products, warrants and forward currency contracts, for efficient portfolio management purposes only.

Investment restrictions and guidelines

It is not intended for the Company to have any structural gearing. The Company has the ability to borrow up to 30% of the NAV at any time for short term or temporary purposes, as may be necessary for settlement of transactions, to facilitate share redemption or to meet ongoing expenses.

The proportion of the portfolio invested into companies based in emerging or developing countries will be limited, at the time of any investment, to below 15% of the Company's gross assets.

The Directors have determined that the Company will not engage in currency hedging except where the Investment Manager considers such hedging to be in the interests of efficient portfolio management.

The Directors have determined that no more than 15% in aggregate of the Company's gross assets at the time of acquisition will be invested in listed investment companies (including investment trusts), with a maximum of 10% of gross assets invested in investment companies not having stated investment policies allowing them to invest no more than 15% of their own gross assets in other UK listed investment companies (including investment trusts).

General

In accordance with the requirements of the United Kingdom Financial Conduct Authority (FCA), any material changes in the Investment Policies and Objectives of the Company may only be made with the approval of shareholders.

Investment of assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Company's Investment Manager which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the investment policy and other investment restrictions during the reporting year. The Company's Top Ten holdings and Portfolio Statement are on page 39 and pages 120 to 123 respectively.

Environmental policy

Whilst the Company has a limited carbon footprint in respect of its day to day activities, the Board notes that the Investment Manager recognises that environmental responsibility is core to its longer term business success, and actively integrates environmental, social and corporate governance (ESG) issues into its investment process. The Investment Manager's ESG policy is available upon request. For more detail, please see the Responsible investment report on pages 32 to 38.

A number of environmental initiatives have been introduced by the Board and the Administrator, as follows –

- minimising printing of Board materials
- deemed consent from shareholders to accept electronic copies of documents
- use of recycled paper for Annual and Interim Reports for shareholders requiring hard copies

- use of recycled Woodland Trust printer paper by the Administrator, which funds new UK woodland and
- Fairtrade tea and coffee and tap water, rather than bottled water, served at all Board meetings.

In addition, the Board intends to carbon balance Directors' and Investment Manager's flights upon resumption of business travel.

Shareholder value

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective of realising a positive total annual return, after all expenses, of at least twice the return of the Bank of England Bank Rate. Having considered the portfolio performance and investment strategy, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

Dividend policy

The Board's policy is to pay dividends semi-annually, which are typically declared in September and March, with an objective of distributing a minimum of 85% of the Company's net revenue each year.

Dividends will only be paid from the Company's revenue account and not from capital. Dividend payments by the Company will depend on the net income stream generated by the underlying investments in the Company's investment portfolio and therefore no assurance can be given that dividends will continue to be paid.

The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008, whereby the Board must be satisfied on reasonable grounds that the Company will, immediately after payment of any dividend, be able to pay its debts as they become due and that the value of the Company's assets would be greater than the value of its liabilities.

The Board has the discretion to increase or reduce the dividend, or not to declare a dividend, as appropriate in consideration of the financial position of the Company.

Details of the dividends paid during the year are set out in note 5 to the Financial Statements on page 93.

Principal risks and uncertainties and their management

The Board has undertaken a robust assessment of the principal risks facing the Company and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. As stated within the Report of the Audit and Risk Committee on page 64, the Board, with the assistance of the Administrator and the Investment Manager, has drawn up a risk assessment matrix, which identifies the key risks to the Company. The principal risks and uncertainties faced by the Company, and the mitigating factors adopted by the Company, are summarised below.

Investment risks – the Company is exposed to the risk that its portfolio fails to perform in line with the Company's objectives. The Board reviews reports from the Investment Manager at each quarterly Board meeting and at other times when expedient, paying particular attention to the diversification of the portfolio and to the performance and volatility of underlying investments.

Operational risks – the Company is exposed to the risks arising from any failure of systems and controls in the operations of its service providers, principally the Investment Manager or the Administrator. The Board receives reports annually from the Investment Manager and Administrator on their internal controls and reviews pricing reports covering the valuations of underlying investments at each quarterly Board meeting. The Board can and does receive explanations and assurances from its key suppliers as to their own operational resilience and plans and ability to respond during times of crisis, such as at present following covid-19.

Accounting, legal and regulatory risks – the Company is exposed to the risk of action or sanction by shareholders, counterparties or regulators if it fails to comply with the regulations of the UK Listing Authority or the Guernsey Financial Services Commission or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements.

Financial risks – the financial risks faced by the Company include market, credit and liquidity risk. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting. Further details on financial risks are discussed in note 19 of the Financial Statements on pages 104 to 117.

Emerging risks – the Board is constantly alert to the identification of any new or emerging risks through the monitoring of the Company's investment portfolio and by conducting regular reviews of the Company's risk assessment matrix. Should an emerging risk be identified the risk assessment matrix is updated and appropriate mitigating measures and controls will be agreed.

The Board seeks to mitigate and manage these risks through continual review, policy-setting, enforcement of contractual obligations and monitoring of the Company's investment portfolio.

The Board, Investment Manager and the Company's Broker also regularly monitor the investment environment in order to identify any new or emerging risks.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of cash and cash equivalents and securities which are readily realisable. The Directors also note that overall, due to the nature of the Company's portfolio, which – as discussed in more detail in the Performance section of the Chairman's Review and in the Investment Manager's report – comprises both equities and other more defensive assets, it has not been affected significantly in terms of value or cashflows by the effects of the covid-19 pandemic. Accordingly, in the Directors' opinion, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Matters relating to the going concern basis are also discussed in the Long Term Viability Statement below and note 2(c) on page 86.

Long term viability statement

The Directors have assessed the prospects of the Company over a longer period than the 12 months minimum required by the 'going concern' provision. For the purposes of this statement, having regard to the economic planning cycle and the Company's strategy review period, the Board has adopted a three year viability period.

In its assessment of the Company's viability over the three year period the Board has considered each of the Company's principal risks and emerging risks as detailed above and in particular the impact of a significant fall in the value of the Company's investment portfolio.

The Directors consider that a 30% fall in the value of the Company's portfolio would be significant but would have little impact on the Company's ability to continue in operation over the next three years. In reaching this conclusion, the Directors considered the Company's expenditure projections, the fact that the Company currently has no borrowing, but has the ability to borrow up to 30% of its NAV and that the Company's investments comprise predominantly readily realisable securities which can be expected to be sold to meet funding requirements if necessary, assuming market liquidity continues.

Also, the Board has assumed that the regulatory and fiscal regimes under which the Company operates will continue in broadly the same form during the viability period. The Board speaks with its broker and legal advisers on a regular basis to understand issues impacting on the Company's regulatory and fiscal structure. The Administrator also monitors changes to regulations and advises the Board as necessary. The Board also has access to the Administrator's compliance resources as well as the compliance department of the AIFM.

Based on the Company's processes for monitoring operating costs, share discount, internal controls, the Investment Manager's performance in relation to the investment objective, the portfolio risk profile, liquidity risk and the robust assessment of the principal risks and uncertainties facing the Company, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Key performance indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are disclosed in detail on page 3.

Investment Manager's report

Performance review

For the year to 30 June 2021 the Company had a share price return of 19.5% and a NAV return of 15.3%.

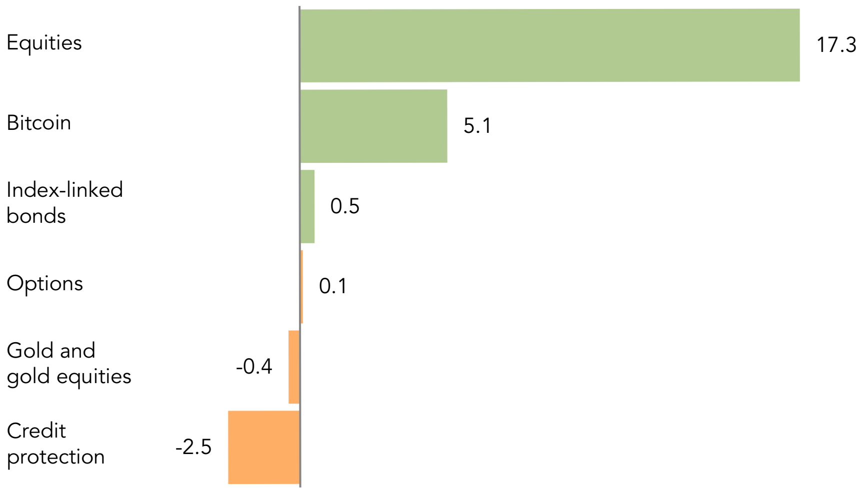
The Company has achieved its objective of preserving shareholder capital regardless of the market conditions. In last year's report we wrote "we feel confident about our prospects from here" and results have borne that out.

Today, our conviction in the long-term inflationary endgame has never been higher but we are cognisant of the fact that the journey to that point will not be direct and the timing is uncertain. For that reason it has never been more important to hold a mix of assets that will deliver our investment objectives regardless of the direction of financial markets. We will continuously aim to provide a superior risk adjusted return which focuses on preservation of capital and is uncorrelated with equities or any other asset class.

Performance	NAV TR %	NAV TR annualised %	Share price TR %	Share price TR annualised %	Correlation with equities
1 year	15.3	15.3	19.5	19.5	0.69
3 years	25.8	8.0	26.9	8.3	0.43
5 years	37.9	6.6	41.2	7.1	0.45
10 years	62.7	5.0	59.5	4.8	0.51
Since inception (Jul 2004)	259.4	7.8	265.2	7.9	0.45

Principal performance contributions

Percentage contribution to NAV total return for 12 months to 30 June 2021



Ruffer Investment Company is not alone in posting good performance numbers over the last 12 months. However, our returns are distinctive both in terms of their source and profile.

1 The shape of the equity book – our equity risk has been focused on value, cyclicals, commodities, and financials since 2018. We added to these positions in the summer of 2020 when the market was most enamoured with the 'covid winners'. We enjoyed particularly strong returns from the stocks geared into re-opening and recovery; UK banks (+57% and 256bps), Walt Disney (+67% and 82bps), General Motors (+135% and 84bps), Cemex (+115% and 40bps) and Arcelor Mittal (+97% and 65bps). These thematic exposures in the portfolio drove significant performance, particularly since the announcement of the vaccine approvals in November 2020. Exposure to UK equities, previously unloved by investors, also came to life with our smaller companies exposure of around 5% adding 186bps to the return in the 12 months.

2 Bitcoin – exposure to bitcoin was a significant contributor over the period (+515bps) and offers a good example of the flexibility of the Ruffer strategy and our willingness to embrace uncomfortable or idiosyncratic risks. A well-timed exit of our exposure in April 2021 avoided giving back much of the gain in the recent sell-off. MicroStrategy (+421% and 47bps) and Galaxy Digital (+337% and 58bps) were also sold in February.

3 Active duration management – Q1 2021 was one of the worst for bonds in modern history. Despite having over 30% of the portfolio in index-linked bonds, we were able to offset the damage from this risk through the opportunistic use of payer swaptions that lowered the net portfolio duration (sensitivity to changes in interest rates) to zero and index-linked bonds were helped by rising inflation expectations.

Credit protections which helped the portfolio to weather the covid-19 crash were significantly monetised in the heat of the crisis in March 2020. However, within the period, the remaining position gave back 250bps of performance as governments and central banks rode to the rescue of corporate debt markets. We decided it was necessary to retain some of these positions due to ongoing fragility and uncertainty in markets, but the position was reduced in both size and potency.

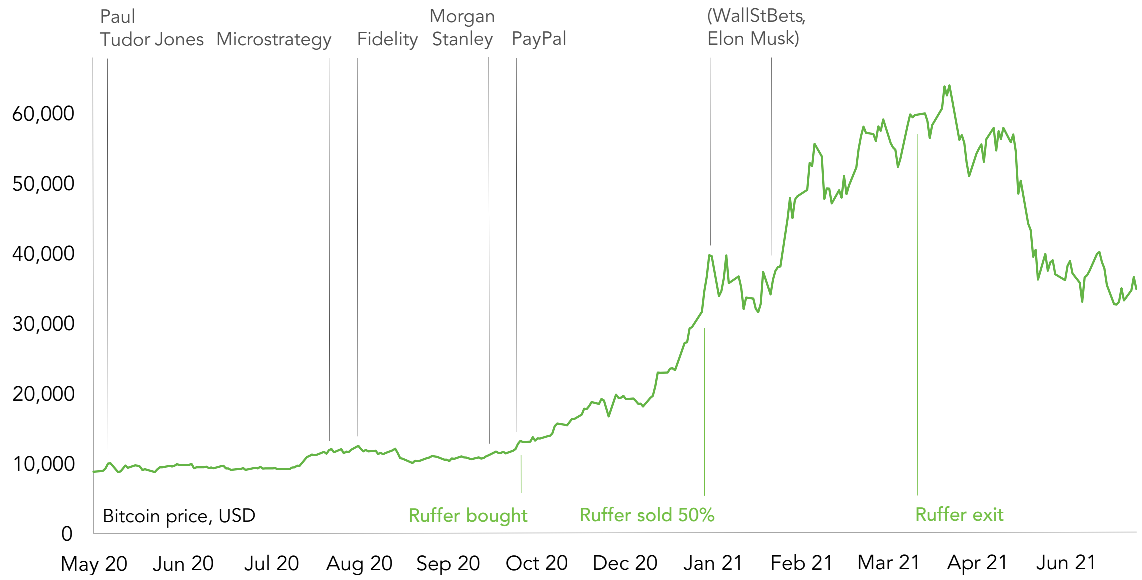
Gold's contribution was also negative, something that feels quite anomalous in the context of rampant monetary stimulus and inflation concerns. On 30 June 2020, the gold price was US$1,780 and it closed the period a year later at US$1,790, up less than 1% with the gold mining equities index also flat. Our exposure is focused on higher beta, more operationally geared smaller gold mining stocks.

Portfolio changes

In the interim report we covered our rationale for adding bitcoin exposure plus two bitcoin proxies (MicroStrategy and Galaxy Digital) in November 2020. The rationale was that bitcoin was an emerging store of value and institutional investors would move to adopt it as a 'digital gold'. This narrative played out faster than we could have foreseen as show in the chart below.

Bitcoin may yet fulfil its potential, but the market displayed many signs of froth – retail speculation, excessive leverage, the Coinbase IPO, Tom Brady's laser eyes, Dogecoin, Elon Musk hosting Saturday Night Live, US$60m non-fungible tokens (NFTs) etc.

Bitcoin – surfing a wave of institutional adoption… and liquidity



Source: Bloomberg, Ruffer, data to 30 June 2021

In the short term at least, bitcoin was exhibiting the characteristics of a risky, speculative asset and therefore no longer fulfilled the portfolio role we had intended for it as a protective and diversifying asset. We sold all our exposure in April 2021 (+515bps performance contribution). Our Chief Investment Officer, Henry Maxey, surmised that excess liquidity has a wonderful way of bringing the hopes of the future into the prices of the present.

During the period there were two returns of capital from Ruffer Illiquid Multi-Strategies Fund 2015. Firstly 0.7% in March 2021 and then 2.3% in June 2021. In effect, this was a return of some of the profits from the bitcoin exposure.

Having been hedged for the interest rate spike in Q1 2021, in May and June 2021 we added 3% to the long-dated UK index-linked gilts, taking these to 13% of the portfolio. We continue to believe these are the best assets for the extended period of financial repression we envisage for the coming years (see below).

Within the equity book, we have been focused on reducing risk in the summer months after value and cyclical stocks experienced a strong run. We have kept equities at around 40% with consistent sales and we have slowly rotated into what we have come to call 'the forgotten middle' making up around 8% of the portfolio. This is a cohort of defensive companies which are delightfully dull, sit outside the bluster of the value/growth debate and offer solid cyclically insensitive earnings on low valuations. This includes Tesco, Cigna and Centene, but also newer purchases like GlaxoSmithKline, Fresenius Medical and BAE Systems.

Investment outlook

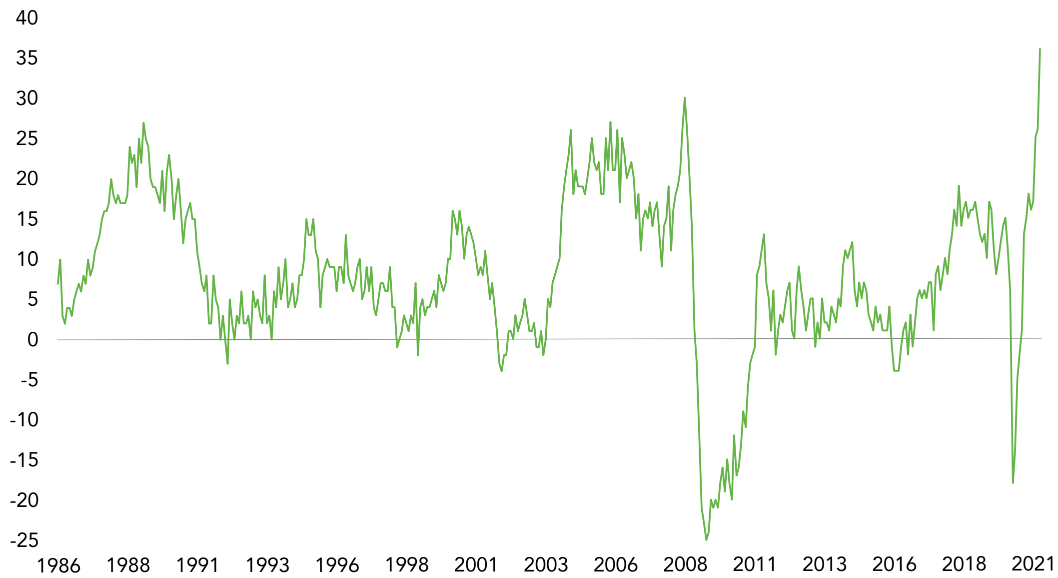
A new inflationary regime

In previous reports and elsewhere we have argued covid-19 has acted as an accelerant, catapulting the world into a new economic regime. This new regime is characterised by the adoption of more interventionist policies to target explicitly political causes such as climate change or inequality. This blurring of the lines between monetary and fiscal policy will lead to higher economic and inflation volatility and marks a stark contrast to the benign period of the past 40 years.

However, we are currently enjoying an economic boom which may well extend into 2022. What is the recipe? Take one-part unleashed animal spirits as we exit lockdown, mix with accumulated lockdown savings, pour on lashings of stimulus – serve in a supply constrained glass.

The debate *du jour* is whether the current inflationary spurt we are living through is a symptom of this new economic regime or a transitory hangover from the supply and demand disruptions of the lockdowns. The scale and breadth of the inflationary impulse is stunning. The chart shows the percentage of businesses raising prices is at a 35 year high in the US.

Net of US firms reporting higher selling prices



Source: National Federation of Independent Businesses monthly survey

This is not a US phenomenon: global data is very similar. Wage pressures are everywhere, companies cannot get staff. McDonalds are paying candidates US$50 to attend interviews. Shortages are a key sign of inflation. The US administration has no sympathy for corporates: if you want workers back, pay them more – this is about levelling up and inequality too.

Used car prices, container shipping rates, house prices, hotel rates, the cost of eating out – the trend is clear, and it is up. Yet long term measures of inflation expectations remain anchored, the market is confident this impulse shall recede.

We think this 'transitory debate' misses the point entirely. Of course, house prices will not rise at 10-20% annualised forever. Inflation is simply a measure of the rate of change. If that delicious beer garden pint was £4.50 in 2019 and now it costs £6, it has inflated by 33%. Next year it might cost £6.25. The Bank of England might say "See! Inflation was transitory, it's only 4%, we told you!", but unless wages have risen by 39% since 2019, you should be feeling worse off.

We fully appreciate that due to base effects it is highly likely that as re-opening enthusiasm wanes inflation is likely to be lower next year. Technically, the transitory crew might be correct, but unless the beer reverts to £4.50, we would say it is 1-0 to the inflation hawks in the real world. The price level is what comes out of your pocket not the second derivative.

This is a febrile environment for a wage and demand spiral considering the context of vast ongoing quantitative easing and seemingly endless fiscal stimulus packages.

The big problem is if the inflationary genie *is* out of the bottle, how might policymakers get it back in?

The textbook response is that the central bank should raise interest rates. Realistically however, this tool is not available to today's cohort of central bankers for multiple reasons. Firstly, the burden of debt in the world is just too great to service at higher interest costs. Secondly, the political pressures to keep financial conditions supportive in aid of activist policy goals such as tackling climate change or inequality have only grown stronger. So, if these inflationary pressures prove more than transitory, we may realise for the first time in a few decades that central bankers are not omnipotent.

"No, Mr Bond, I expect you to die."

What are the portfolio implications of all this?

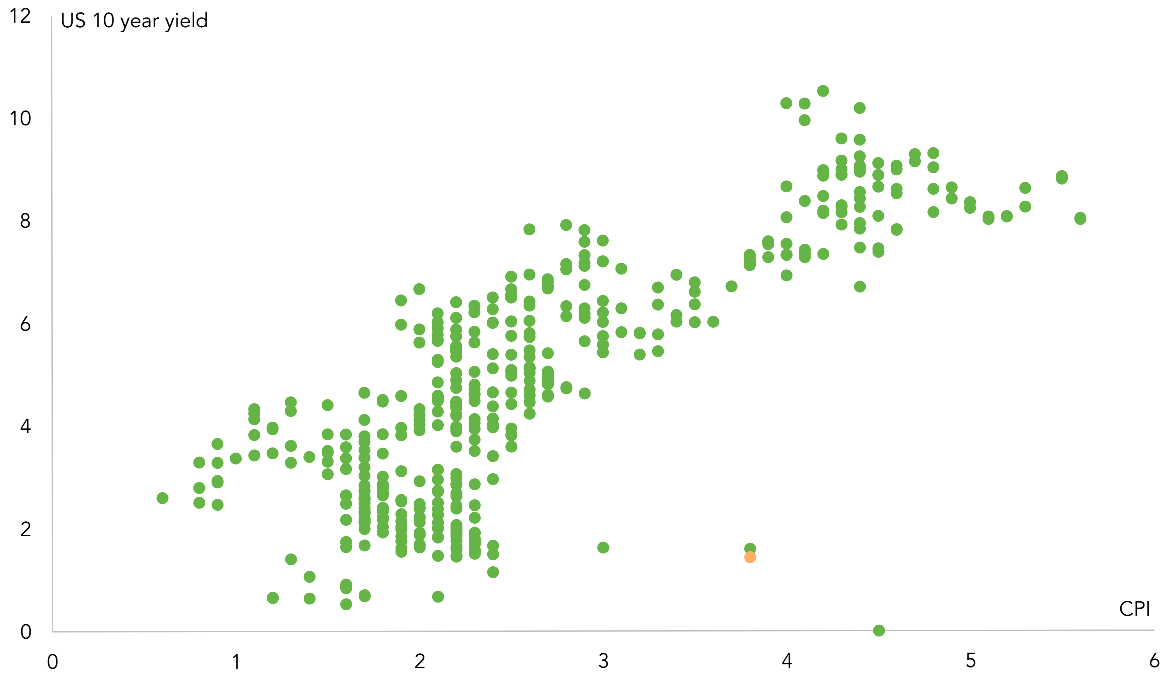
Despite global stock indices finishing the period at all-time highs, bond yields remaining low, credit spreads tight and property prices booming, we must re-emphasise how dangerous we believe the coming environment of inflation and volatility is for conventional portfolios.

Inflation changes the way cross-asset correlations behave. Today, the portfolio role of bonds is spent: their role as a hedge is suspect and they effectively guarantee investors will miss their return targets. Remind me why you own bonds?

We saw a glimpse of the future in Q1 2021 when the 30 year US Treasury, supposedly the safest asset in the world, fell by more than 20% for the first time ever.

As the chart below shows, current inflation readings (the orange dot) correlate to a US ten year bond yield of 5-6% not the current 1.5%. The evidence is the market is sanguine about any enduring inflation risks.

Current inflation suggests bond yields are too low

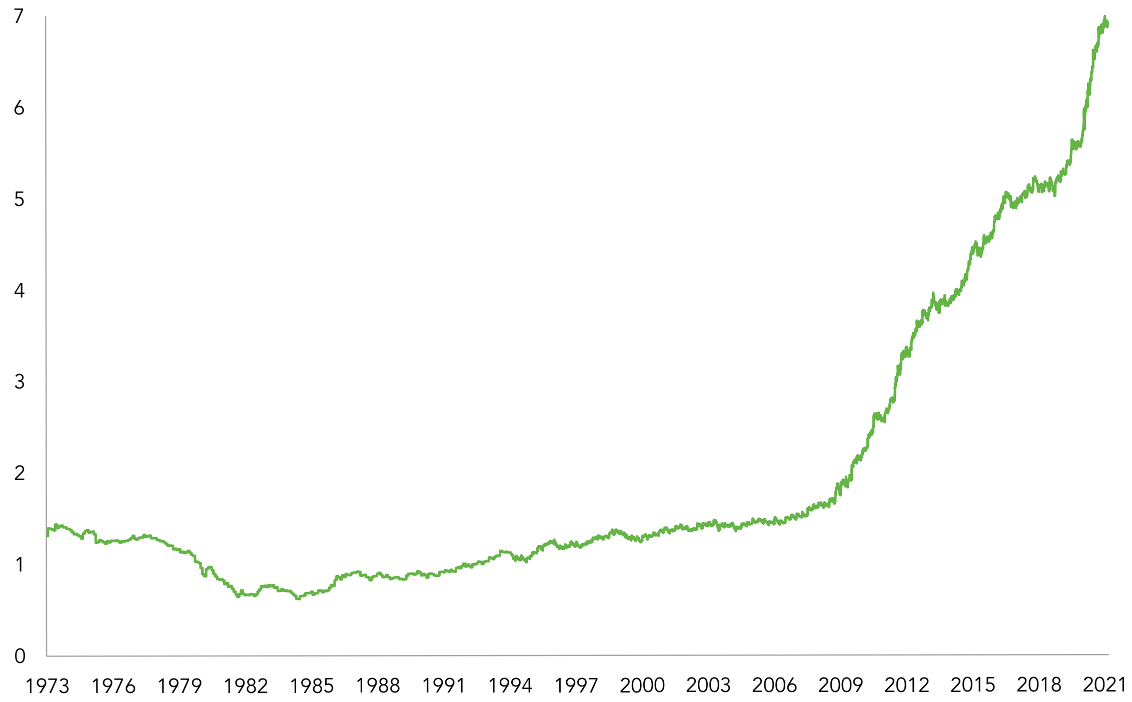


Source: Bloomberg, data from June 1985 to June 2021

There is an asymmetry of risk, however. Bonds are a mathematically bounded asset class – returns are certain to be low, a best case of 1.5% over 10 years before any inflation risk. If inflation risks recede, then bond investors will earn a zero or slightly negative after inflation return. If inflation remains elevated, then the risks for bond owners are catastrophic. Heads you don't win much, tails you lose a lot. The US ten year yield moving to just 3% (where it was in 2018) would cause a loss of about 15% to bond holders.

Going further, investment grade credit paradoxically offers record low yields despite record levels of debt outstanding. The mathematics of bonds is such that at lower rates the duration increases. This asset class is vulnerable to even the smallest change in yields in response to a change in inflation, credit or term risk premiums. Just a 1% change in investor's required returns will wipe out seven years of coupon income in capital losses (see below).

Years of coupon to recoup loss from a 1% lift in yield



Source: Minack Advisers, Bloomberg-Barclays, NBER

How are we protecting our shareholder's capital?

The key takeaway is the traditional portfolio ballast in bonds is not just failing to protect, but is actively adding to overall risk. But if conventional hedges are not going to cut it in the new inflationary world, what else is there?

The benefit of being global, multi-asset, unbenchmarked investors is you can go anywhere and invest in anything. This flexibility is increasingly essential in a world where safe havens are so expensive they have become dangerous.

Inflation-linked bonds offer the natural bolthole for investors fleeing the tyranny of fixed income. At the period end we had 26% of the portfolio in these bonds, the key asset being 13% in long-dated UK inflation-linked gilts. The main driver for index-linked returns is the gap between inflation and bond yields. This is something we expect to widen significantly as inflation and growth accelerate, but bond yields remain pinned to the floor under the heavy boot of central bankers.

Gold continues to be a key asset for protection against rising inflation, financial repression and failing trust in institutions. In the last year, precious metals lost some limelight to bitcoin, but the relative stability in recent months has reminded investors of its attractions. We continue to think of the gold price as the inverse of the market's faith in central bankers' ability to micromanage the economy.

We believe for true protection we will need to rely upon the unconventional protective toolkit we have assembled in the last few years.

Credit protection proved its worth last March when these investments almost doubled. Being long credit spreads via Ruffer Multi-Strategies Fund 2015 continues to look a very attractive proposition. The risk/reward is highly skewed in our favour from the current starting point and from a portfolio perspective is almost certain to have a negative correlation to risk assets.

Payer swaptions offer the right, but not the obligation, to enter in a 'pay fixed, receive floating swap agreement'. In essence, an option which benefits from rising bond yields. Rising yields are a tough environment for most asset classes and that makes this a rare and potent protection.

Equity puts – we continue to utilise puts on indices as a direct hedge to manage risk and net exposure.

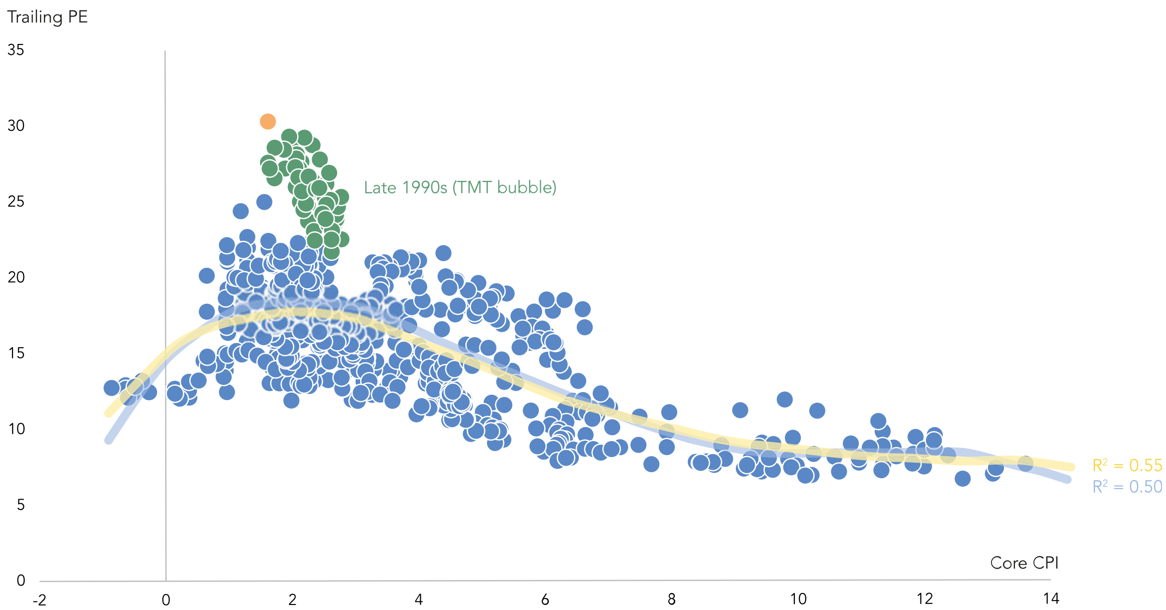
Other tools – although not currently of meaningful size in the portfolio we continue to monitor the VIX, relative value arbitrage, FX volatility and cryptocurrencies as tools for further protection and diversification.

We are also finding attractive investment opportunities in select real assets which are slightly off the beaten track – PRS Reit, Hipgnosis Songs Fund, Trident Royalties, Weiss Korea, Tufton Oceanic Assets and Taylor Maritime Investments all add something different to the portfolio.

Equities – there is currently one big duration trade going on in markets. Growth stocks are underpinned by the same low bond yield that makes conventional bonds an unattractive addition to the portfolio.

This dynamic is pervasive, reflecting a huge swathe of portfolios in the market and yet, as per bond prices, it could break down spectacularly if inflationary pressures persist. Some investors have bought into the siren-song that equities are an inflation hedge. Unfortunately, the facts do not support this, particularly from the current starting point.

The chart below shows inflation versus price/earnings multiples and the relationship is clear. Equities like low and stable inflation, as we have had in the last 30 years. Equities do not like deflation or higher inflation – both scenarios cause a de-rating of the market. This risk is particularly pernicious from the current starting point (orange dot) of the highest equity multiples on record.



Source: Minack Advisers. Operational earnings from 1988, monthly data from 1955. This chart shows two lines of best fit. R^2 at 0.55 excludes the TMT bubble.

To use a crude example, Microsoft may have the pricing power to pass on inflation but perhaps inflation adds an economic risk premium that takes the p/e multiple from the current 34x to 20x, where it was five years ago (a 40% drawdown). In 2012, Microsoft's P/E ratio was 10x.

Reality is more nuanced; there are many equities which could act as inflation hedge. We own many in the portfolio – banks, financials, energy stocks and commodity producers like Glencore or Yara.

The problem for passive or benchmarked investors is these stocks have withered to a small percentage of the index. If you own the index, you do not own enough of them to make a difference. In 1980 the energy sector, an obvious inflation beneficiary, was 28% of the S&P 500, in 2008 it was 15%, today it is 3% – the whole sector is about half as big as Apple.

Energy sector weighting in S&P 500 index

Source: Bloomberg, data to 7 July 2021

The bull case for commodity stocks is simple. They are a pure beneficiary of higher global economic activity. The trends for growth, technology and ESG investing have left them unloved and lowly valued. The green transition, which we fully embrace and have encouraged our investee companies to embrace, has raised the cost of capital for these industries meaning there has been little new supply or capex for several years. But the demand picture is, perhaps counterintuitively, rather bright. Global oil demand is forecast to continue to grow for at least another five years and a green world requires fixed capital and commodity investment spent upfront. One cannot make an electric car or a smart grid without a lot of copper and cobalt (Glencore) or a significant amount of oil related products (BP, Royal Dutch Shell, Equinor). Therefore, the earnings for these stocks are potentially higher and more enduring than is currently factored into the price.

Our equity book continues to look nothing like the broader indices and the opportunity that presents excites us.

A note of caution

There are two quotes which keep wandering through our minds.

The first is from nineteenth century titan Lord Rothschild to “buy on the cannons and sell on the trumpets”.

One of the great ironies about investing is that the best time to invest in risky assets is when everything seems utterly bleak, like March 2020. A more dangerous time to invest is when everything is going well and it seems obvious. At the end of June 2021, the US market completed seven consecutive days of new all time highs, a feat not completed since the dot.com bubble.

The second quote is Robert Louis Stevenson’s accidentally sage investment advice when he acknowledged sometimes “it is better to travel hopefully, than arrive”.

Just as the Coinbase IPO marked the recent top in bitcoin, perhaps ‘freedom day’ will mark the top in markets? That would be delightfully paradoxical. The truth is nobody knows, but we believe caution is warranted.

The Ruffer portfolio was flat when the market was down 30% at the March 2020 lows, we preserved capital in the crisis, and we have made around a 30% return since then. Since November 2020 markets have been pricing in a recovery and re-opening which has yet to fully materialise. There are clearly bubbles of exuberance in the economy and markets, trumpets if you will, that urge prudence and caution.

There is a battle of competing forces. On the one hand we have a spring of economic momentum, government and central bank support for markets and this is all underwritten by a sense that investors earning nothing on cash have no alternative but to invest.

On the other hand, ponder an economy drowning in debt unevenly staggering out of a huge recession with the looming threat of inflation because of a cocktail of supply chain bottlenecks, reduced capacity and trillions of stimulus. And that cocktail, if served up, will be negative for all asset markets.

Summary

Our key points are as follows

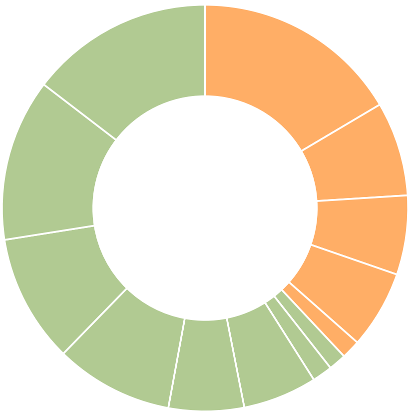
1. We have transitioned into a new economic regime of higher inflation and volatility
2. Conventional bonds no longer have a useful portfolio role
3. We are prepared with a broad toolkit of assets to protect against inflation and financial repression
4. After a huge recovery, some parts of the markets are showing signs of froth and caution is warranted

What we try to do at Ruffer is build an all-weather portfolio. One that offers our investors the antidote to bubbles and hysteria. We have forged our reputation by making money in the three major bear markets since the firm began in 1995 – dot.com, the financial crisis and then the covid-19 crash.

When we see bubbles forming, our approach has always been to eschew the mania and try to find the assets people will panic into when the bubble pops. We owned no tech stocks in 2000 and we owned no banks or property stocks in 2008.

Sometimes what you do not own is just as important as what you do own and that's why being totally un-benchmarked and being truly multi-asset, go-anywhere global investors is so important as we pursue our capital preservation objective.

Asset allocation



	%
Long-dated index-linked gilts	12.9
Cash and other net current assets	10.3
Short-dated bonds	8.5
Illiquid strategies and options	7.5
Non-UK index-linked	7.2
Gold and gold equities	6.6
Index-linked gilts	5.6
UK equities	20.1
Japan equities	7.4
North America equities	6.6
Europe equities	5.7
Asia ex-Japan equities	0.6
Other equities	1.0

Top 10 equity holdings	%
Lloyds Banking Group	2.6
Royal Dutch Shell	1.9
BP	1.9
NatWest Group	1.6
Centene	1.3
GlaxoSmithKline	1.2
Bristol-Myers Squibb	1.2
Tesco	1.2
Cigna	1.1
Sumitomo Mitsui Financial	1.0

As at 30 June 2021. Pie chart totals may not equal 100 due to rounding

Ruffer AIFM Limited

5 October 2021

Responsible investment report

At the Ruffer Group ("Ruffer"), we are committed to being good stewards of our investors' assets. To that end, environmental, social and governance (ESG) considerations are fully integrated into our investment process.

We have one investment approach and conduct our own research. This means we can systematically integrate ESG considerations across our whole research and investment process. Our ESG approach is designed to identify material risks and opportunities that could impact our investments. Our decision to invest in companies is based on both fundamental and ESG analysis and we use a wide range of data sources to inform our analysis.

Equally important, our investment approach is an iterative process, and our ESG analysis informs our active stewardship activities through engagement and voting.

Stewardship: voting and engagement

We believe stewardship activities can lead to lasting and meaningful change, resulting in better long-term outcomes for our investors and for broader stakeholders, the environment and society.

Engagement improves our understanding of the material ESG risks a company faces and hopefully helps those companies improve their performance. This is likely to result in superior outcomes and returns for our investors. We will engage independently or through collaborative initiatives, such as the Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ and the Investor Mining and Tailings Safety Initiative.

In 2020, we focused our engagements on the themes of climate change, lobbying (specifically, political contributions and trade association memberships), Japanese corporate governance and tailings dams.

In fixed-income, we invest predominantly in government bonds and we endeavour to engage in policy decision-making through industry bodies such as the IIGCC and the Investment Association, particularly on climate change issues. We have responded to multiple consultations in recent years in relation to the European Commission's Action Plan on Sustainable Finance, as well as the UK Treasury Select Committee's Decarbonisation Inquiry.

The progress of our engagement is incorporated into our investment theses and informs our investment decision-making and voting activity. Details of all our voting and engagement activity is disclosed on our website in our quarterly and annual Responsible Investment Report and Stewardship Report.

Voting policy

We take our voting responsibility seriously. The opportunity to vote enables us to encourage boards and management teams to consider and address areas that we are concerned about, along with those areas that we want to support. It is Ruffer's policy to vote on AGM and Extraordinary General Meeting resolutions, including shareholder resolutions and corporate actions, and we vote on all shareholdings in the companies held by Ruffer Investment Company Limited (RICL).

We have access to proxy voting research, currently from Institutional Shareholder Services (ISS) to assist in our decision-making process, but although we take note of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our shareholdings.

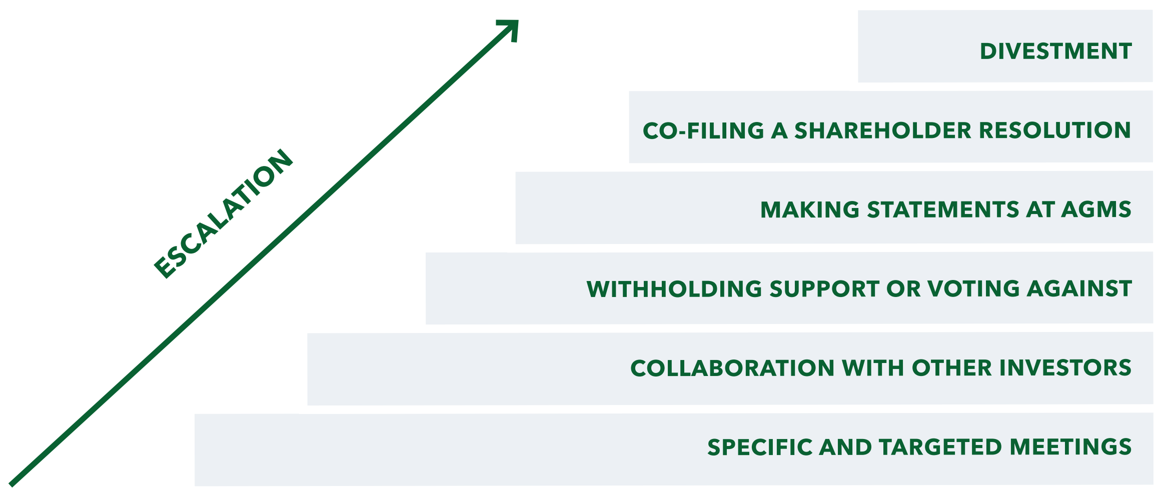
Voting can also be seen as an escalation method, especially if the outcome of engagement is unsatisfactory. In 2020, we voted against management predominately on issues relating to the independence and effectiveness of directors, remuneration policies, capital structure and supported climate-related shareholders proposals.

We think it is of fundamental importance that the majority of board members are independent to provide a robust oversight of, and counterbalance to, a company’s management. This issue is particularly significant in the mining sector, where we abstained on the re-election of directors at Kinross Gold and Wheaton Precious Metals, and we will be engaging with these companies on this issue.

On the topic of climate change, we supported two resolutions on Aena’s climate transition plan which garnered shareholder and eventually board support.

Furthermore, we have engaged with ExxonMobil for a number of years on the company’s approach to climate change, however due to limited progress being made, we voted against management guidance by supporting the nominations of three independent directors proposed by activist hedge fund, Engine No.1, as well as several shareholder resolutions. Sufficient shareholder support resulted in three likely appointments to the board: a profound wake-up call for ExxonMobil and a message to the industry to take investor concerns on climate change seriously.

We are likely to see more shareholder resolutions filed in 2021 on climate change and would expect to support them, particularly where we believe there are long-term performance implications for the businesses proactively addressing climate change-related risks.



Case studies

Case study 1: Volkswagen

Volkswagen (VW), which is headquartered in Germany, is one of the world's largest auto manufacturers.

Environmental and governance issues formed an integral part of our discussions on VW, both internally and with the company.

Electric vehicles (EVs) – given the importance of EVs for the company's strategy this was a key part of the investment case. We focused on the ambition for EVs within the company, the plans it has in place to meet internal targets and emissions regulations, and how remuneration and company culture is aligned to enable the long-term transition. VW detailed the targets it has set for vehicle production, the key partnerships it is establishing, how internal resources and investments are being allocated between the EV and traditional internal combustion engine (ICE) businesses, including re-skilling employees, and the commitment the company has made to not launch any ICE models in developed markets beyond 2026 (in line with the goals of the Paris Agreement).

Given VW's EV strategy and targets, we asked how this is linked to executive remuneration and we encouraged transparency in disclosing this information to shareholders. The company explained it plans to link executive remuneration with ESG factors and to provide improved disclosure of this in the future.

Corporate governance – the second theme we focused on was the 'Dieselgate' emissions scandal and the corporate governance implications. We discussed how the culture at VW has changed since this scandal and what initiatives have been put in place, both top-down and bottom-up. The company explained the evolution necessary for its long-term sustainability, such as a board level position for integrity and legal affairs, which encourages a 'speak up culture' across the business. On board structure, we raised concerns on the independence of the audit committee, given the length of tenure of two of the committee members and the fact that a controlling shareholder is also the Chair. The company acknowledged these issues, including the limitations of the dual board structure, and assured us this is being reviewed internally. We will continue to engage on these topics.

Case study 2: Land Securities

Land Securities is a leading UK real estate company.

Given the company's leadership on environmental sustainability in the sector, we began with a discussion on the drivers of its ambitions. The company explained that it sees sustainability as important both in terms of providing a competitive advantage and in terms of risk management. It has also been participating in various industry initiatives to drive changes at a sector level. We highlighted the importance of sharing best practices and encouraged the company to continue working with its peers and other stakeholders, including tenants, on sustainability efforts. Through our discussions, we also learnt more about the culture at the company and were encouraged to see sustainability embedded in the business processes, targets and remuneration.

The company recently improved its net-zero 2030 CO2 emissions reduction targets from 40% to 70% for its operational energy use and suggested that it will offset all other emissions. The company explained that the targets encompassed all operational aspects of the business, but some scope 3 emissions are excluded as the sourcing of energy by individual tenants is not always within its sphere of influence. These emissions are, however, included in its net-zero targets for 2030 and the company has also been increasing its engagement with these tenants to find potential areas of improvement. We also discussed green building certifications and encouraged the company to continue standing behind industry standards and certifications and encourage laggards to adopt these best practices.

Lobbying

Many companies will make political contributions and have trade association memberships as a way of lobbying governments around the world. It is important to us that a company has robust policies around this activity and that its lobbying is aligned with other ESG targets and ambitions.

In 2020, we engaged with several companies on increasing transparency around their lobbying activities, often building on discussions in 2018 and 2019, asking for public disclosure of political contributions and trade association memberships. Over 2020, we supported shareholder proposals at General Motors and Walt Disney asking for enhanced disclosure.

In response to previous shareholder resolutions in 2018 and 2019, Walt Disney has increased its disclosure of trading association membership, but included only the ones based in the US. When engaging with them, we stated clearly to the company that we were disappointed it has not expanded its analysis and that we would support the shareholder resolution at the 2020 AGM.

For General Motors whilst we acknowledge progress has been made since our discussions in 2019, we did not deem this sufficient. We noted our expectations of lobbying disclosure and stressed that we see this as an important issue for General Motors, given the industry in which it operates and the political environment in the US, and we will continue to engage on this topic.

Climate change

The effects of climate change can be felt in all regions of the world and thus stoke political tensions and intensify geopolitical instability. Markets don't yet seem to be accounting appropriately for these changes, which creates both risks and opportunities. At Ruffer, we consider climate change related risks and opportunities for all our investments.

Over the past year, we have intensified our engagements with companies on climate change to encourage them to adapt their business models to align with the transition to a low-carbon economy. We published our first Task Force on Climate-related Financial Disclosures (TCFD) report this year, which provides insight into our management of climate-related risks.

Climate change framework

Our commitment to reducing carbon emissions applies to our investee companies, Ruffer LLP, as well as RICL. Companies RICL invests in increasingly face risks from the physical aspects of the climate changing around us and from the policy and technological changes necessary to move to a net-zero carbon economy, known as 'physical' and 'transition' risks. These risks, if poorly managed, could harm our shareholders' investments. Careful and concerted management is essential, at both a portfolio and company level. The TCFD's recommendations help us to determine the nature, scale and management of climate-related risks and opportunities across sectors and geographies. Ruffer supports the Paris Agreement, and we advocate the transition to a low-carbon economy consistent with the goal of keeping the increase in global average temperature to well below 2°C.

Ruffer published its inaugural TCFD report in 2021 and this is available at ruffer.co.uk/responsible-investing. It introduces Ruffer's Climate Change Framework and provides a response to the recommendations of the TCFD. The report exhibits our climate-related activities over the past few years and provides an insight into how our understanding of the risks facing our investee companies has evolved. We have set targets for the year ahead, committing to a further strengthening of our approach in managing risk and identifying investment opportunities. These include increasing engagement activities on climate change and TCFD disclosure, encouraging hard-to-abate companies to join industry initiatives, integrating climate change scenario analysis into our investment risk process, and incorporating climate change analysis into overall portfolio thinking. This report is designed to provide detail and clarity to our approach, and to help our investors meet their reporting requirements.

In addition to considering the carbon footprint of the companies in which we invest, we also monitor the emissions from our own business. Since 2017, Ruffer LLP has commissioned South Pole to calculate the carbon footprint of its business. Through reducing emissions and purchasing carbon offsets we have been certified as carbon neutral since 2017.

ESG disclosures

Ruffer has been a signatory to the Principles for Responsible Investment (PRI) since 2016 and we have A+ scores for strategy and governance and A scores in listed equity incorporation and active ownership since 2018.

We are a Tier 1 signatory to the FRC's 2012 UK Stewardship Code and have submitted our response to the revised 2020 code in early 2021. Details are available at ruffer.co.uk/responsible-investing. We are members of Climate Action 100+ and the Institutional Investors Group on Climate Change as well as the Transition Pathway Initiative. In 2021 we also supported the launch of the Association of Investment Companies' (AIC) initiative for disclosure of the ESG policies of all investment companies – full details are available at theaic.co.uk.

Top ten holdings

Investments	Currency	Holding at 30 June 21	Fair value £	% of total net assets
UK index-linked gilt 1.875% 22/11/2022	GBP	20,500,000	32,385,876	5.62
UK index-linked gilt 0.125% 22/03/2068	GBP	9,100,000	30,557,016	5.31
UK gilt 3.75% 07/09/2021	GBP	26,000,000	26,176,020	4.55
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	29,930,171	24,456,899	4.24
UK index-linked gilt 0.125% 22/11/2065	GBP	8,100,000	24,153,776	4.20
LF Ruffer Gold Fund*	GBP	7,676,617	21,602,768	3.75
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	73,147	21,563,627	3.73
US Treasury inflation indexed bond 0.625% 15/04/2023	USD	24,100,000	19,799,732	3.44
UK index-linked gilt 0.375% 22/03/2062	GBP	6,050,000	19,488,142	3.38
Ruffer Protection Strategies International*	GBP	5,935,102	18,488,436	3.21

* Ruffer Illiquid Multi Strategies Fund 2015 Ltd and Ruffer Protection Strategies International 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.

Directors

At the date of this report, the Company has five non-executive Directors, all of whom are independent.

Christopher Russell, aged 72 and a resident of Guernsey, is a non-executive director of investment and financial companies. These include Hanseatic Asset Management Ltd, a family office in Guernsey, and JPMorgan Global Core Real Estate Assets Ltd, a vehicle which invests in unlisted global JPMorgan real estate and infrastructure funds. Prior to a non-executive career, Chris was a director of Gartmore Investment Management plc, where he was Head of Gartmore's businesses in the US and Japan. Before that he was a holding board director of the Jardine Fleming Group in Asia, resident in Japan then Hong Kong. Prior to joining Flemings in London, he was with Phillips & Drew Asset Management. He is a Fellow of the UK Society of Investment Professionals and a Fellow of the Institute of Chartered Accountants in England and Wales. He was commissioned by John Wiley to publish in 2006 'Trustee Investment Strategy for Endowments and Foundations'. Mr. Russell was appointed to the Board on 1 December 2016 and became Chairman of the Board on 4 December 2020.

Shelagh Mason, aged 62 and a resident of Guernsey, is a solicitor specialising in English commercial property. She retired as a consultant with Collas Crill LLP in October 2020. She is also non-executive Chairman of the Channel Islands Property Fund Limited, sits on the Board of Riverside Capital PCC and Skipton International Limited, a Guernsey Licensed bank, and is a non-executive director of The Renewables Infrastructure Group Limited, a FTSE 250 company. Shelagh also sits on the board of Starwood European Real Estate Finance Limited, a London-listed company. Previously Shelagh was a member of the board of directors of Standard Life Investments Property Income Trust Limited, a property fund listed on the London Stock Exchange for 10 years until December 2014. She retired from the board of MedicX Fund Limited, a main market listed investment company investing in primary healthcare facilities in 2017 after 10 years on the board. She is a past Chairman of the Guernsey Branch of the Institute of Directors, a member of the Chamber of Commerce and the Guernsey International Legal Association, and she also holds the IOD Company Direction Certificate and Diploma with distinction. Mrs Mason was appointed to the Board on 1 June 2020.

Jill May, aged 60 and a resident of the United Kingdom, has 25 years' experience in investment banking, 13 years in M&A with S.G. Warburg & Co. Ltd. and 12 years as a Managing Director at UBS, focused on group strategy and organisational change. She has broad knowledge of investment banking, asset management and private banking in the UK and EMEA. She is an External Member of the Prudential Regulation Committee of the Bank of England and was a non-executive director of the CMA from its inception in 2013 until October 2016, and a Panel Member of the CMA until 2018. She is a non-executive director of JPMorgan Claverhouse, a UK listed investment trust, Standard Life Investments Property Income Trust, a UK-listed REIT, and of AlphaFMC, a UK-listed financial consulting company. Ms. May was appointed to the Board on 17 March 2017 and became Senior Independent Director on 4 December 2020.

David Staples, aged 64 and a resident of Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation. He also holds the Institute of Directors' Diploma in Company Direction. For thirteen years until 2003, Mr Staples was a partner with PricewaterhouseCoopers (PwC) and led the tax practice in the South East of England advising several large family and owner-managed businesses. He was also a member of the management board of the firm's London and South East Middle Markets Tax Practice. Since leaving PwC, Mr Staples has joined the boards of several listed companies as a non-executive director. He has served as chairman of MedicX Fund Limited and chairman of the audit committees of Henderson Far East Income Limited and Aberdeen Private Equity Fund Limited. He is currently a director of NB Global Monthly Income Fund Limited and Baker Steel Resources Trust Limited, both of which are listed on the London Stock Exchange. He is also a director and chairman of the general partners of six private equity funds advised by Apax Partners. Mr Staples was appointed to the Board on 2 March 2018.

Nicholas Pink, aged 53 and a resident of the United Kingdom, has extensive senior management experience in financial services with previous roles at UBS Investment Bank, including Global Head of Research, Head of European Research, Head of Asia Research and Head of European Equities. Prior to this he was Head of European Utilities Research at UBS Investment Bank. He is a non-executive director of JP Morgan Russian Securities plc, a UK-listed investment trust, and of Redburn Europe Limited, an independent provider of research and execution services to institutional investors. Mr Pink was appointed to the Board on 1 September 2020.

Report of the Directors

The Directors of the Company present the audited Financial Statements and their report for the year ended 30 June 2021 which have been prepared in accordance with the Companies (Guernsey) Law, 2008 ('the Company Law').

Registration

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.

Principal activity and investment objective

The Company is a Guernsey authorised closed-ended investment company with a premium listing on the London Stock Exchange (LSE). The principal objective of the Company is detailed in the Business Model and Strategy on page 12 of the Financial Statements.

Block listing facility

The block listing facility is set out in note 13 on page 99. During the year, 23,930,000 new redeemable participating preference shares were allotted or issued under the block listing facility (30 June 2020: no redeemable participating preference shares issued).

Purchase of own shares by the Company

The Company may purchase, subject to various terms as set out in its Articles and in accordance with the Companies (Guernsey) Law, 2008, up to 14.99%. of the Company's shares in issue following the admission of shares trading on the LSE's market for listed securities. For additional information refer to note 20 on pages 118 to 119.

The Company did not buy back any shares during the year (30 June 2020: Nil).

The Board also has the discretion to operate the Redemption Facility, offering shareholders the possibility of redeeming all or part of their shareholding for cash at NAV, if it appears appropriate to do so.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 83. Details of dividends paid and proposed are set out in note 5 on page 93.

Subsequent events

Events occurring after the balance sheet date are disclosed in note 21 on page 119 in the Financial Statements.

Shareholder information

The Company announces its unaudited NAV on a weekly basis and at the month end. A monthly report on investment performance is published by the Company's Investment Manager, on the Company's website, ruffer.co.uk/ric.

Investment management

The key terms of the Investment Management Agreement and specifically the fee charged by the Investment Manager are set out in notes 8 and 16 of the Financial Statements.

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective of realising a positive total annual return, after all expenses, of at least twice the return of the Bank of England Bank Rate.

In accordance with Listing Rule 15.6.2 (2) R and having formally appraised the performance, investment strategy and resources of the Investment Manager, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

The Investment Management Agreement will continue in force until terminated by the Investment Manager or the Company giving to the other party thereto not less than 12 months' notice in writing.

Directors

The details of the Directors of the Company during the year and at the date of this report are set out on pages 40 and 41 and in the Management and Administration summary on page 126

Directors' interests

The details of the number of redeemable participating preference shares held beneficially by the Directors who held office at 30 June 2021 and up to the date of this report are set out on in note 16 on page 102.

Substantial share interests

As at 31 August 2021*, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued shares.

Investor	Shares held	% of issued share capital
Rathbones	26,504,997	12.26
Brewin Dolphin, stockbrokers	19,493,975	9.01
Hargreaves Lansdown, stockbrokers	16,961,474	7.84
Interactive Investor	15,050,670	6.96
Tilney	12,153,987	5.62
Charles Stanley	11,159,950	5.16
AJ Bell	8,449,574	3.91

*Data is taken from the latest available Share Register Analysis produced by Richard Davies Investor Relations Limited

International tax reporting

For the purposes of the US Foreign Accounts Tax Compliance Act (FATCA), the Company registered with the US Internal Revenue Service (IRS) as a Guernsey reporting Foreign Financial Institution (FFI) in June 2014, received a Global Intermediary Identification Number (99DLPF.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard (CRS) is a standard developed by the Organisation for Economic Co-operation and Development (OECD) and is a global approach to the automatic exchange of tax information, to counter tax evasion and to build upon other information-sharing legislation, such as FATCA. Guernsey has adopted the CRS, which came into effect on 1 January 2016.

The Board confirms that the Company's FATCA and CRS submissions for 2020 were submitted by the deadline of 30 June 2021.

The Company is committed to zero tolerance towards the facilitation of tax evasion.

Alternative Investment Fund Managers Directive

The Company is categorised as a non-EU Alternative Investment Fund (AIF). The AIFMD seeks to regulate managers of AIFs, such as the Company. It imposes obligations on AIFMs who manage AIFs in a member state of the European Economic Area (EEA state), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an AIFM must be appointed and must comply with various organisational, operational and transparency requirements.

The Company has appointed the Investment Manager to act as AIFM on behalf of the Company. The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. The AIFM has no direct employees as it delegates its duties to Ruffer LLP. Ruffer LLP's employee remuneration disclosure requirements under the AIFMD are included in its Pillar III remuneration disclosure statement.

Non-mainstream Pooled Investments

The Company intends to be operated in such a manner that its shares are not categorised as non-mainstream pooled investments. Among other things, this requires the Company to pay dividends totalling in excess of 85% of any net income that it receives or is deemed to receive for UK tax purposes on an annual basis so that it would qualify as an investment trust if it were UK tax-resident.

Disclosure of information to the Independent Auditor

Each of the persons who is a Director at the date of approval of the Financial Statements confirms that

1 so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware and

2 each Director has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008 ('company law').

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable Guernsey law and regulations.

Guernsey company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements, International Accounting Standard 1 requires that directors –

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable, relevant and reliable
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- use the going concern basis of accounting, unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with Company Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information included on the Company's website, ruffer.co.uk/ric. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge –

- the Financial Statements have been prepared in conformity with IFRS as issued by the IASB and adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.1.12
- the Annual Financial Report, taken as a whole, is fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy and

– the Annual Financial Report including information detailed in the Chairman’s review, the Report of the Directors, the Investment Manager’s report, the Report of the Depositary and the notes to the Financial Statements, includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces, as required by

  a DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company and

  b DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

On behalf of the Board

David Staples
Director
5 October 2021

Corporate governance statement

Corporate governance

On 1 January 2016, the Company became a member of the Association of Investment Companies (AIC) and complies with the 2019 AIC Code of Corporate Governance issued in February 2019 ('the AIC Code'), effective for accounting periods commencing on or after 1 January 2019. By complying with the AIC Code, the Company is deemed to comply with both the UK and Guernsey Financial Services Commission (GFSC) corporate governance codes.

To ensure ongoing compliance with these principles the Board receives a report from the Company Secretary on an annual basis identifying how the Company is in compliance and identifying any changes that might be necessary.

The AIC Code is available on the AIC's website, theaic.co.uk.

The Board, having reviewed the AIC Code, considers that it has maintained procedures during the year ended 30 June 2021 and up to the date of this report to ensure that it complies with the AIC Code except as explained elsewhere in the Corporate Governance Statement.

Guernsey regulatory environment

The GFSC's Finance Sector Code of corporate governance ('the GFSC Code') comprises Principles and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the GFSC can better assess the governance exercised over companies in Guernsey's finance sector. The GFSC recognises that the different nature, scale and complexity of business will lead to differing approaches to meeting the GFSC Code.

Role of the Board

The Board is the Company's governing body and has overall responsibility for ensuring the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows –

- statutory obligations and public disclosure
- strategic matters and financial reporting
- review of investment performance and associated matters
- risk assessment and management including reporting compliance, governance, monitoring and control and
- other matters having a material effect on the Company.

The Board's responsibilities for the Annual Report are set out in the Statement of Directors' Responsibilities on pages 45 to 47.

The Board has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of accounting and company secretarial services. The Board has adopted a schedule of matters specifically reserved for its decision-making and distinguishing these from matters it has delegated to the Company's key service providers. This schedule is available on the Company's website, ruffer.co.uk/ric.

The Board needs to ensure that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In seeking to achieve this, the Directors have set out the Company's investment objective and strategy (see page 12) and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Financial Statements the Board has sought to provide further information to give shareholders a fair, balanced and understandable view.

Relations with shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of its shareholders from the Company's Broker and Investment Manager which are taken into consideration as part of the Board's decision-making process.

The Chairman and other Directors are available to meet shareholders if required and the AGM of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company.

The Chairman and Directors offer to meet with shareholders at regular investor presentations co-ordinated by the Investment Manager to discuss key strategic matters and any issues raised by shareholders. At present, due to covid-19 restrictions, these presentations are confined to on-line interactions rather than face-to-face meetings.

In addition, the Investment Manager maintains a website which contains comprehensive information, including financial reports, prospectus and monthly reports on investment performance which contains share price information, investment objectives, investment reports and investor contacts.

Stakeholders and Section 172

Whilst directly applicable to companies incorporated in the UK, the Board recognises the intention of the AIC Code that matters set out in section 172 of the Companies Act, 2006 are reported. The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process. As an investment company the Company does not have any employees and conducts its core activities through third-party service providers. Each service provider has an established track record and is required to have in place suitable policies and procedures to ensure it maintains high standards of business conduct, treats customers fairly, and employs corporate governance best practice.

The Board's commitment to maintaining high-standards of corporate governance, combined with the Directors' duties incorporated in the Companies (Guernsey) Law, 2008, the Company's constitutive documents, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, ensure that shareholders are provided with frequent and comprehensive information concerning the Company and its activities.

Whilst the primary duty of the Directors is owed to the Company as a whole, the Board considers as part of its decision-making process the interests of all stakeholders. Particular consideration is given to the continued alignment between the activities of the Company and those that contribute to delivering the Board's strategy, which include the Company's Investment Manager, the AIFM, the Administrator, the Broker and the Custodian.

Through the Board's ongoing programme of shareholder engagement (see 'Relations with shareholders' above) and the reports produced by each key service provider at quarterly Board meetings, the Directors are satisfied that sufficient information is provided so as to ensure the matters set out in section 172 of the Companies Act are taken into consideration as part of the Board's decision-making process.

The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Company's operations can be raised with the Company Secretary.

Composition and independence of the Board

The Board currently comprises five non-executive Directors, all of whom are considered to be independent. The Board considers that it has a good balance of skills and experience to ensure it operates effectively. The Directors of the Company are listed on pages 40 and 41 and in the Management and Administration summary on page 126.

The Company has no employees and therefore there is no requirement for a chief executive. None of the Directors has a contract of service with the Company.

The current Chairman of the Board is Mr Christopher Russell. Mr Russell was appointed as Chairman of the Board on 4 December 2020 following the retirement of Ashe Windham.

The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Mr Russell is considered independent because he –

- has no current or historical employment with the Investment Manager
- has not provided any professional advisory services to the Investment Manager and
- has no current directorships in any other investment funds managed by the Investment Manager.

As Chairman, Mr Russell is responsible for leading the Board of Directors and for ensuring its effectiveness in all aspects of its role. The key responsibilities of the Chairman are as follows –

- meeting with major shareholders to obtain a balanced understanding of any issues, concerns, and providing feedback to the Board
- demonstrating ethical leadership and promoting the highest standards of integrity, probity and corporate governance throughout the Company
- setting the Board's agenda and ensuring the Board has in place effective decision-making processes which are supported by accurate and high-quality information and
- leading the annual performance evaluation of the Board and taking all appropriate actions based on the results of the evaluation.

In accordance with the AIC Code and in recognition of the Board's desire to maintain high standards of corporate governance, the Board appointed Mrs Jill May as the Company's Senior Independent Director (SID) with effect from 4 December 2020.

The key roles and responsibilities of the SID are as follows –

- providing support to the Chairman in relation to matters of Board effectiveness and governance
- being available to shareholders and the other Directors as an additional point of contact or to communicate any concerns to the Board
- leading the annual performance evaluation of the Chairman of the Board and succession planning for the Chairman's role and
- attending meetings with major shareholders alongside the Chairman, as required.

The Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Documented contractual arrangements are in place with these companies which define the areas where the Board has delegated responsibility to them. For additional information refer to page 57.

The Company holds a minimum of four Board meetings per year to discuss strategy, general management, structure, finance, dividend payments, capital management, corporate governance, ESG matters, marketing, risk management, compliance and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board, enabling it to determine policy and to monitor performance, compliance and controls but these meetings are supplemented by communication and discussions throughout the year.

Representatives of the Investment Manager, Administrator and Company Secretary attend each Board meeting either in person or by videoconference, thus enabling the Board to fully discuss and review the Company's operations and performance. In addition, representatives from the Company's Broker attend at least two Board meetings a year. Each Director has direct access to the Investment Manager and Company Secretary and may at the expense of the Company seek independent professional advice on any matter.

Attendance at the Board and other meetings during the year was as follows –

	Board		Audit & Risk Committee		Management Engagement Committee	
Meetings	Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
Ashe Windham	2	2	2	2	–	–
Christopher Russell	4	4	3	3	1	1
Jill May	4	4	3	3	1	1
David Staples	4	4	3	3	1	1
Shelagh Mason	4	4	3	3	1	1
Nicholas Pink	4	4	3	3	1	1

Note: Relates to all meetings scheduled during each Director's term of office. Ashe Windham resigned as a Director on 4 December 2020.

In addition to the above meetings, a number of ad-hoc meetings of an administrative nature were held during the year.

Conflicts of interest

Directors are required to disclose all actual and potential conflicts of interest as they arise for approval by the Board, who may impose restrictions or refuse to authorise conflicts. The process of consideration and, if appropriate, approval will be conducted only by those Directors with no material interest in the matter being considered. The Board maintains a Conflicts of Interest policy which is reviewed periodically and a Business Interests and Potential Conflicts of Interest Register which is reviewed by the Board at each quarterly Board meeting.

Directors' indemnity

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Re-election

The Company's Articles prescribe that, at each AGM, one-third of the Directors shall retire from office and may offer themselves for re-election. However, in line with best practice, the Board has determined that all of the Directors should stand for re-election at each AGM.

On 4 December 2020 at the 15th AGM of the Company, both Nicholas Pink and Shelagh Mason were elected as a Director, having been appointed as a Director since the previous AGM. Jill May, Christopher Russell and David Staples retired as Directors of the Company and, being eligible, had offered themselves for re-election, and were re-elected as Directors of the Company by the Shareholders.

With effect from 4 December 2020, the date of the 15th AGM of the Company, Ashe Windham retired as a Director and Christopher Russell replaced him as Chairman of the Board.

The Board remains satisfied that the individual contributions of each Director are, and will continue to be, important to the Company's long-term sustainable success. Accordingly, each of the Directors will be proposed for re-election at the 16th AGM of the Company to be held on 3 December 2021. Further details regarding the experience of each of the Directors are set out on pages 40 and 41.

The Directors may at any time appoint any person to be a Director either to fill a vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for election at, the next general meeting following their appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if it is an AGM.

Board evaluation

Towards the end of the financial year, the Board engaged Lintstock, a firm highly experienced in conducting board evaluations, to facilitate an external evaluation of the Board, the Chairman and the Investment Manager. The Board evaluation considered a broad range of areas including; Board composition and expertise, Board dynamics, the structure of the Board and its Committees, Board oversight of investment strategy and performance, relations with shareholders, oversight of risk management, succession planning and priorities for change during the forthcoming financial year.

The Investment Manager evaluation considered the success of the Company's investment policy, benchmarking against a peer group, the Investment Manager's communication of strategy and performance to the Board, shareholder perception of the Investment Manager and priorities for change during the forthcoming financial year.

The results of the external evaluation were discussed at the Board meeting on 5 October 2021. The Board was identified as a well-functioning body, and areas identified for further consideration included: seeking deeper engagement with shareholders following the recent change of Chair and SID; and ensuring effective face-to-face meetings between the Board and Investment Manager in the post-covid-19 environment. The next externally facilitated Board evaluation will be conducted in relation to the financial year ending 30 June 2024.

During the financial years where an external evaluation is not conducted, the Board conducts an annual self-evaluation of its performance and that of the Company's individual Directors, which is led by the Chairman and, as regards the Chairman's performance evaluation, by the Senior Independent Director. The annual self-evaluation considers how the Board functions as a whole, taking into account the balance of skills, experience and length of service of each Director, and also reviews the individual performance of its members.

To facilitate the self-evaluation, the Company Secretary circulates a detailed questionnaire to each Director and a separate questionnaire for the evaluation of the Chairman. The questionnaires, once completed, are returned to the Company Secretary who collates responses, prepares a summary and discusses the Board evaluation with the Chairman prior to circulation to the remaining Board members. The performance of the Chairman is evaluated by the other Directors, led by the Senior Independent Director.

The Board considers the annual self-evaluation process to be appropriate having regard to the non-executive role of the Directors and the significant outsourcing of services by the Company to external providers.

Board succession planning

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme is in place for all Director appointees. Any proposals for a new Director are discussed and approved by the Board.

The Board's succession planning policy seeks to ensure that the Board remains well balanced and that the Directors have a sufficient level of skills, knowledge and experience to meet the needs of the Company. The Directors are ever-cognisant of the need for the Board to have a balance of gender and other attributes, including the requirement to appoint a majority of non-UK resident Directors.

Mr Christopher Russell was appointed as Chairman of the Board following Mr Ashe Windham's retirement at the AGM of the Company held on 4 December 2020. The Board's policy is that a Director of the Company, who subsequently becomes Chairman, should serve for no more than a total of 12 years.

Board diversity

The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. The Board supports the widening of its diversity, whilst ensuring the capabilities, experience and background of each member remain appropriate to the Company and continue to contribute to overall Board effectiveness.

Following the Board changes and Mr Windham's retirement during 2020, the Board is 40% female, thus meeting the Hampton-Alexander requirement that a Board should comprise at least 33% females.

Committees of the Board

The Board has established an Audit and Risk Committee and a Management Engagement Committee and approved their terms of reference, copies of which can be obtained from the Company Secretary upon request and on the Company's website at ruffer.co.uk/ric.

The table on page 52 sets out the number of Committee meetings held during the year ended 30 June 2021 and the number of such meetings attended by each Committee member.

Audit and Risk Committee

The Company has established an Audit and Risk Committee, with formally delegated duties and responsibilities within written terms of reference. The Audit and Risk Committee is comprised of the entire Board and has been chaired by David Staples since 1 July 2018. The Audit and Risk Committee meets formally at least three times a year and each meeting is attended by the independent Auditor and Administrator.

A report of the Audit and Risk Committee detailing responsibilities and activities is presented on pages 62 to 67.

Management Engagement Committee

The Company has established a Management Engagement Committee, with formally delegated duties and responsibilities within written terms of reference. The Management Engagement Committee is comprised of the entire Board, with Jill May appointed as Chairman. The Management Engagement Committee meets annually in June each year and holds ad hoc meetings to address any arising issues as required.

The principal duties of the Committee are to review the performance of and contractual arrangements with the Investment Manager and all other service providers to the Company (other than the independent Auditor).

During the year the Committee has reviewed the services provided by the Investment Manager and other service providers, and recommended that the continuing appointments of the Company's service providers was in the best interests of the Company. The last meeting was held on 2 June 2021.

A report of the Management Engagement Committee detailing responsibilities and activities during the year is presented on pages 68 to 69.

Nomination Committee

The Board does not have a separate Nomination Committee, the functions of which are fulfilled by the Board. Any proposals for a new Director are discussed and approved by the Board. The Board will determine whether an external search consultancy or open advertising is used in the appointments of future non-executive Directors.

Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate to have a Remuneration Committee as anticipated by the UK Code because this function is carried out as part of the regular Board business. A Remuneration report prepared by the Board is on pages 60 to 61.

Internal control

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit and Risk Committee at its meetings and annually by the Board.

The Board is responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board uses a formal risk assessment matrix to identify and monitor business risks.

The Board has contractually delegated to external parties various functions as listed below. The duties of investment management, administration and custody are segregated. Each of the contracts entered into with the parties was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation as far as they relate to the affairs of the Company.

The Board considers on an ongoing basis the process for identifying, evaluating and managing any significant risks faced by the Company. The process includes reviewing reports from the Company Secretary on risk control and compliance, in conjunction with the Investment Manager's regular reports which cover investment performance.

Investment and portfolio risk management is provided by Ruffer AIFM Limited, a company authorised by the FCA.

Administration, accounting, registrar, and company secretarial duties are performed by Praxis Fund Services Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

CREST agency functions are performed by Computershare Investor Services (Jersey) Limited, a company licensed and regulated by the Jersey Financial Services Commission.

Depositary services performed by Northern Trust (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

Custodial services are provided by Northern Trust (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

Sponsorship and brokering services are provided by Investec Bank plc (Investec), a firm which is authorised and regulated by the FCA.

The Board reviews regularly the performance of the service companies. The Auditor is reviewed by the Audit Committee and the other service providers by the Management Engagement Committee (MEC) as described in the MEC report on page 68.

The Board meets formally with the Investment Manager quarterly to review the performance of the investments in the light of the Company's investment objectives, and the Investment Manager's position against its peers. The Board also conducts an annual visit to the offices of Ruffer LLP to meet with certain of the senior executives in the firm and to review such matters as its internal control procedures; Ruffer's business, product, marketing and personnel strategies, so far as they affect the Company; portfolio risk analysis; integration of ESG into portfolio construction; and cyber vulnerability. This visit took place online during the course of the financial year on 3 December 2020, but in person more recently on 4 October 2021.

The Board receives and reviews quarterly reports from the Investment Manager, the AIFM and the Administrator. In May 2021, the Audit and Risk Committee conducted a review of the internal controls of the Administrator, which was reported to the Board in June 2021. This included meeting with key staff from each relevant department and confirmation from the Administrator of its capability under its ISAE 3402 Type II audit report, as further disclosed in the report of the Audit and Risk Committee on page 66. The Management Engagement Committee conducted an annual review of all key service providers in June 2021, which was communicated to the Board, and included a detailed assessment of their performance along with completion of questionnaires by each service provider regarding key areas including their control environment, business continuity and the impact of covid-19, cyber security arrangements and response to ESG, as further disclosed in the Management Engagement Committee report on page 68.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager and Administrator which have their own internal compliance and risk assessment functions. As such, an internal audit function specific to the Company is therefore considered unnecessary, as explained on page 58.

Principal risks and uncertainties

Principal risks and uncertainties are disclosed on page 16.

Anti-bribery and corruption

The Board acknowledges that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board had conducted a review of the perceived risks to the Company arising from bribery and corruption to identify aspects of business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Criminal Finances Act

The Board has a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion and will not work with any service provider who does not demonstrate the same commitment. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own staff or any associated persons.

UK Modern Slavery Act

The Board acknowledges the requirement to provide information about human rights in accordance with the UK Modern Slavery Act. The Board conducts the business of the Company ethically and with integrity, and has a zero tolerance policy towards modern slavery in all its forms. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no further disclosures to be made in respect of employees and human rights.

Directors' remuneration report

Introduction

An ordinary resolution for the approval of the annual remuneration report was passed by shareholders at the AGM held on 4 December 2020.

Remuneration policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairs of the Board and the Audit and Risk Committee and the SID are paid a higher fee in recognition of their additional responsibilities. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire or cease to be a director in accordance with the Articles of Incorporation or by operation of law.

Remuneration

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 2020: £200,000) per annum.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. The annual fees payable to each Director as at 30 June 2021 and 30 June 2020 are shown below –

	30 June 21 £	30 June 20 £
Ashe Windham (Chairman until 4 December 2020)	–	41,700
Christopher Russell (Chairman with effect from 4 December 2020)	44,550	29,500
Jill May (Senior Independent Director with effect from 4 December 2020 and Chair of Management Engagement Committee)	33,650	29,500
David Staples (Chair of Audit and Risk Committee)	36,250	33,950
Shelagh Mason	31,500	29,500
Nicholas Pink (appointed 1 September 2020)	31,500	–

During the year ended 30 June 2021, Directors' fees of £178,702 (30 June 2020: £162,961) were charged to the Company of which £nil remained payable at the year end (30 June 2020: £nil). No additional remuneration has been paid to Directors outside their normal fees and expenses.

In February 2021, the Board reviewed the Directors' fees against the Trust Associates NED fee review and noted that the fees paid to the Directors were below the average for all UK investment companies with market capitalisations over £500 million, and well below the equivalent fees paid to directors of Channel Island companies. It was noted that during the Board recruitment process conducted in the previous calendar year, a number of potential candidates had declined to participate due to the level of directors' fees being insufficient by market standards. The Board resolved that the basic fee be increased by 6.8% in nominal terms (close to 4% in real terms) effective 1 January 2021, with a view to further gradual increases towards the industry average over subsequent years.

Audit and Risk Committee report

On the following pages, we present the Audit and Risk Committee's report for the year ended 30 June 2021, setting out the responsibilities of the Committee and its key activities for the year from 1 July 2020 to 30 June 2021. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Auditor and the internal control and risk management systems of service providers. In order to assist the Committee in discharging these responsibilities, regular reports are received from the Investment Manager, Administrator and independent Auditor.

Members of the Committee will continue to be available at each AGM to respond to any shareholder questions on its activities and reports.

Responsibilities

The Committee reviews and recommends to the Board the Financial Statements of the Company and is the forum through which the independent Auditor reports to the Board of Directors.

The role of the Committee includes –

- monitoring and reporting to the Board on such matters as the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, and any significant financial reporting judgements
- providing advice to the Board on whether the Financial Statements of the Company are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance
- considering the appropriateness of accounting policies and practices including critical estimates and judgement areas
- reviewing and considering the AIC Code, the UK Code and FRC Guidance on Audit Committees
- monitoring and reviewing the quality, effectiveness and independence of the Auditor and the effectiveness of the audit process, considering and making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the Company's independent Auditor
- developing and implementing policy on the engagement of the independent Auditor to provide non-audit services
- reviewing the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption

- monitoring and reviewing the internal control and risk management systems of the service providers
- considering the need for an internal audit function and
- reporting to the Board on how it has discharged its responsibilities.

The Committee's full terms of reference are available on the Company's website, ruffer.co.uk/ric.

Key activities

The following sections discuss the assessments made by the Committee during the year.

Financial reporting – the Committee's review of the Unaudited Half Yearly Financial Report, Unaudited Investment Manager's Year End Review and the Annual Report and Audited Financial Statements focused on the significant risk relating to the valuation and ownership of investments. The investments comprise the majority of the Company's NAV and hence form part of the Key Performance Indicator (KPI) NAV per share. Hence any significant error in valuation or misstatement of holdings could significantly impact the NAV and hence the reported NAV per share of the Company.

Valuation of investments – the Company's investments had a fair value of £516,760,500 as at 30 June 2021 (30 June 2020: £400,997,042) and represented the majority of the net assets of the Company. The investments are predominantly listed except for investments in unlisted investment funds.

The valuation of investments as at 30 June 2021 is in accordance with the requirements of IFRS. The Committee considered the fair value of the investments held by the Company as at 30 June 2021 to be reasonable based on information provided by the Investment Manager and Administrator. All prices are confirmed to independent pricing sources as at 30 June 2021 by the Administrator and are subject to a review process at the Administrator and oversight at the Investment Manager. We also note the work of the independent Auditor on these balances as set out in their report on pages 72 to 81.

The Committee considered the classification of the Company's investments within the levels of the fair value hierarchy in accordance with the requirements of IFRS 9, most notably the classification of the Company's holding in the Ruffer Illiquid Multi-Strategies Fund, which represents approximately 4.2% of the Company's NAV. The Committee was comfortable that this investment should be classified within Level 2 of the hierarchy, as the Investment Manager creates a market for the shares as noted in note 19.

Ownership of investments – the Company's investment holdings are reconciled to independent reports from the Custodian by the Administrator with any discrepancies being fully investigated and reconciled by the Administrator. The Committee satisfied itself, based on reviews of information provided by the Custodian, Depositary and Administrator, that the holdings of investments are correctly recorded.

Investment income and realised and unrealised gains and losses on investments – the Committee has considered the risk that these items may be materially mis-stated, which could impact the reporting of the performance of the Company in any accounting period. The Committee is satisfied that the controls around the recording and calculations for these items and the reconciliation of cash and investment holdings are sufficiently robust to satisfactorily mitigate this risk.

Risk management – the Committee considered the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Committee. Regular reports are received from the Investment Manager and Administrator on the Company's risk evaluation process and reviews. Refer to the Business Model and Strategy on page 16 for details on principal risks and uncertainties and their management. Financial risks faced by the Company are discussed in note 19 of the Financial Statements on pages 104 to 117.

The Company's AIFM, Ruffer AIFM Limited has responsibilities in law in relation to risk management under the AIFMD.

Fraud, bribery and corruption – the Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud, bribery or corruption.

The independent Auditor – in March 2015 the Board entered into a competitive audit tender process and Deloitte LLP was appointed as the Company's Auditor. The Company intends to conduct a tender process at least every 10 years and to rotate auditors at least every 20 years, as recommended by the UK Statutory Auditors and Third Country Auditors Regulations 2016.

Independence, objectivity and fees – the independence and objectivity of the Auditor is reviewed by the Committee which also reviews the terms under which the independent Auditor is appointed to perform non-audit services. The Committee has established pre-approval policies and procedures for the engagement of Deloitte LLP to provide audit, assurance and tax services. These are that the independent Auditor may not provide a service which –

- places them in a position to audit their own work

- creates a mutuality of interest
- results in the independent Auditor developing close relationships with service providers of the Company
- results in the independent Auditor functioning as a manager or employee of the Company or
- puts the independent Auditor in the role of advocate of the Company.

The Committee takes into account relevant ethical and regulatory guidance regarding the provision of non-audit services by the Auditor, and will report to the Board to identify any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to the steps to be taken. The Board maintains a non-audit services policy which is reviewed periodically and is available on the Company's website, ruffer.co.uk/ric.

The following table summarises the remuneration paid to the Auditor for audit and non-audit services during the years ended 30 June 2021 and 2020.

	30 June 21 £	30 June 20 £
Statutory audit	37,500	35,850
Total audit fees	37,500	35,850
Interim review	8,500	8,400
Total non-audit related fees	8,500	8,400

No tax or other services were provided during the year.

Deloitte LLP also has safeguards in place to ensure objectivity and independence.

When considering the effectiveness and independence of the Auditor, and the effectiveness of the audit process, the Committee meets regularly with the Auditor to discuss the audit plan and the scope of the audit. The Committee also takes account of factors such as –

- the audit plan presented to them before each audit
- the post audit report including variations from the original plan
- changes in audit personnel
- the independent Auditor's own internal procedures to identify threats to independence and
- feedback from both the Investment Manager and Administrator evaluating the performance of the team.

The Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the independent Auditor, with particular regard to non-audit fees, and is satisfied that an effective audit has been completed with diligence and professional scepticism, that the scope of the audit was appropriate and significant judgements have been challenged robustly. It also considers Deloitte LLP, as Auditor, to be independent of the Company.

Re-appointment of the independent Auditor – At the AGM held on 4 December 2020, Deloitte LLP was re-appointed as the Company's independent Auditor.

Internal control and risk management systems

The Committee discussed with the independent Auditor the risk of misstatement in the Financial Statements arising from the potential for the Company's key service providers, the Investment Manager and Administrator, to override controls.

At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary and Investment Manager. The Board also receives confirmation from the Administrator of its capability under its ISAE 3402 Type II audit report. No significant failings or weaknesses were identified in these reports.

During May 2021, members of the Committee visited the offices of the Administrator to conduct a review of their internal control procedures, a report on which was provided to the Board in June 2021. During the visit, the Committee met with key staff from the Administrator to discuss the internal controls in place within each of the departments which provides services to the Company including; company secretarial, compliance, administration/valuation and financial reporting. No significant issues were identified during the visit and the Committee confirmed that the Administrator continues to have effective systems in place to control the risk associated with the services that they are contracted to provide to the Company. The Committee has also reviewed the need for an internal audit function. The Committee is satisfied that the systems and procedures employed by the Investment Manager and the Administrator, including where relevant their internal audit functions, provide sufficient assurance that a sound system of internal control is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

For any questions on the activities of the Committee not addressed in the foregoing, members of the Committee will attend each AGM to respond to such questions.

In finalising the Financial Statements for recommendation to the Board for approval, the Committee has satisfied itself that the Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

David Staples

Chairman, Audit and Risk Committee

5 October 2021

Management Engagement Committee report

On the following pages, we present the Management Engagement Committee's report for the year ended 30 June 2021, setting out the responsibilities of the Committee and its key activities for the year from 1 July 2020 to 30 June 2021. The Committee meets annually in June each year and holds ad hoc meetings to address any arising issues as required.

Responsibilities

The formally delegated duties and responsibilities of the Management Engagement Committee are set out in written terms of reference which are available from the Company Secretary upon request and published on the Company's website, ruffer.co.uk/ric. The Committee's terms of reference are reviewed on an annual basis.

The principal duties of the Management Engagement Committee are to review the performance of and contractual arrangements with the Investment Manager and all other key service providers to the Company, other than the independent Auditor which is reviewed by the Audit and Risk Committee. In addition, the Management Engagement Committee is involved in monitoring and reviewing the level of remuneration of the Investment Manager to ensure that it is appropriate, competitive and sufficient to incentivise the Investment Manager.

Key activities

The Management Engagement Committee conducts an annual review of the performance of, and contractual relationships with, the Company's key service providers, including the Investment Manager. To facilitate this review, the Company Secretary circulates two detailed questionnaires to each service provider: one relating to an assessment of the services provided during the year, any issues encountered and feedback on other service providers; and a second requesting details of the service provider's internal control systems, business continuity plans, impact of covid-19 on business operations, succession planning and any key staff changes, ESG policies and cyber security arrangements. In addition, qualitative feedback on the performance and operations of each service provider is obtained from each of the Directors, the Investment Manager, the Broker and the Company Secretary. The Company Secretary prepares a summary of responses received which is presented to the Management Engagement Committee for their review.

The last Management Engagement Committee meeting was held on 2 June 2021 and no material issues were identified as a result of the annual service provider review. Accordingly, the Management Engagement Committee recommended to the Board that the retention of the Company's service providers was in the best interests of the Company and its shareholders.

Towards the end of the financial year, the Board engaged Lintstock, a firm specialising in board reviews, to facilitate an external evaluation of the Investment Manager, concurrent with an external evaluation of the Board. The Investment Manager evaluation considered the success of the Company's investment policy, benchmarking against a peer group, the Investment Manager's communication of strategy and performance to the Board, shareholder perception of the Investment Manager and priorities for change during the forthcoming financial year. The results of the Board evaluation are discussed further in the corporate governance statement on page 54.

No material issues were identified during the Committee's review of the Investment Manager and the Board concluded that the Investment Manager had deep industry experience, an appropriate investment strategy for the investment objectives of the Company and that the continued appointment of the Investment Manager on the terms agreed, including management fees, was in the best interests of the Company and its shareholders.

Jill May

Chairman, Management Engagement Committee

5 October 2021

Report of the depositary to the shareholders of Ruffer Investment Company Limited

Northern Trust (Guernsey) Limited has been appointed as Depositary to Ruffer Investment Company Limited (the 'Company') in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the 'AIFM Directive').

We have enquired into the conduct of Ruffer AIFM Limited (the 'AIFM') and the Company for the year ended 30 June 2021, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the 'AIFMD legislation') and the Authorised Closed-ended Investment Schemes Rules 2008.

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM and the Company to comply with these provisions. If the AIFM, the Company or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates are or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depositary will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depositary and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of Shareholders.

Basis of Depositary Review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and

(ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of Fund, the assets in which a Fund invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Company has been managed during the period, in all material respects –

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents; and by the AIFMD legislation; and
- otherwise in accordance with the provisions of the constitutional documents; and the AIFMD legislation.

For and on behalf of

Northern Trust (Guernsey) Limited

5 October 2021

Independent auditor's report to the Members of Ruffer Investment Company Limited

Report on the audit of the financial statements

1 Opinion

In our opinion the financial statements of Ruffer Investment Company Limited (the 'Company') –

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise –

- the Statement of financial position
- the Statement of comprehensive income
- the Statement of changes in equity
- the Statement of cash flows
- the related notes 1 to 21 and
- the Portfolio statement.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Company for the year are disclosed in note 9 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was – Valuation and ownership of investments
Materiality	The materiality that we used in the current year was £5.758 m which was determined on the basis of 1% of net asset value (NAV) of the Company as at 30 June 2021.
Scoping	The Company was audited as a single component. Balances were scoped in for testing based on our assessment of risk of material misstatement. As part of our risk assessment process, we considered the impact of relevant controls implemented at the service provider.
Significant changes in our approach	There have been no significant changes in our audit approach in the current year audit.

4 Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included –

- evaluating the judgements and decisions made by management with regards to key forecasting assumptions used in the going concern assessment
- assessing reasonableness of assumptions on cash flow forecasts for the next three years, used in supporting the use of the going concern assumption and
- assessing the relevant disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation and ownership of investments

Key audit matter description

Included in the Company's Statement of Financial Position as at 30 June 2021 are investments with a fair value of £517 million (2020: £401 million) as disclosed in Note 10 to the financial statements. The Company's portfolio comprises equity investments, index linked bonds and investment funds. Investments are key area of focus to the users of the financial statements given that they are the most quantitatively significant balance and main driver of the Company's performance and Net Asset Value. As explained in Note 2 (e), the Company's accounting policy is to measure its investment at fair value through profit and loss. Refer to consideration made by the Audit Committee on valuation of investments discussed on page 63.

The identified risks were –

- there might be errors or fraudulent manipulation of valuation in order to report favourable key performance indicators
- inappropriate exchange rates might be used to convert foreign currency denominated investment to the Company's reporting currency
- trade made immediately before year-end might be excluded from the valuation or conversely, trades made immediately after the year end might be included in the valuation in error and

	– the Company might not have legal title to the investment held at year end.
How the scope of our audit responded to the key audit matter	To respond to the key audit matter, we have performed the following audit procedures – – obtained an understanding of relevant controls around the valuation and ownership of investments and NAV preparation process by the administrator – agreed investments held as at year end to independently obtained custodian confirmation – assessed the reasonableness of exchange rates used in converting investments denominated in currencies other than the pound sterling (GBP) by comparing rates used to independent sources – performed detailed testing on purchases and sales made around year end to assess whether transactions had been recorded in the correct period – performed detailed testing through inspection of custodian trade report for the year to assess the accuracy of investment purchases and sales transactions and – agreed the unit prices of all investments to independent pricing sources.
Key observations	Based on the results of procedures, we concluded that – – the prices applied by management in the valuation of investments are reasonable – investment denominated in currencies other that pound sterling (GBP) have been appropriately converted at appropriate spot rate at year end – the Company had proper legal title to the investments held at year end and – the investment transactions have been accounted for in the correct accounting period.

6 Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows –

Materiality

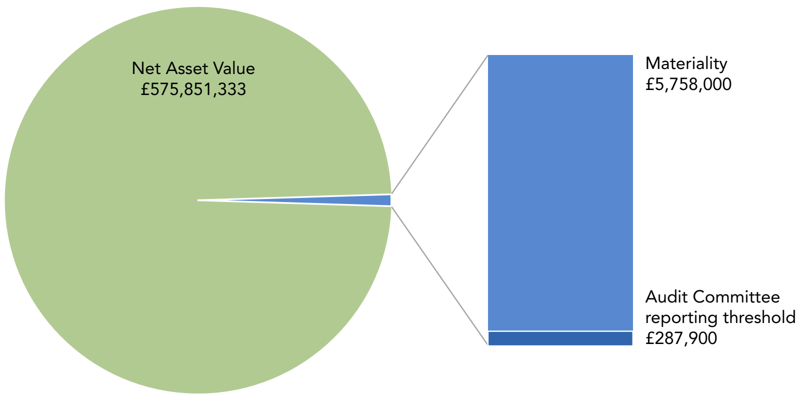
£5,758,000 (2020: £4,400,000)

Basis for determining materiality

1% (2020: 1%) of Net Asset Value

Rationale for the benchmark applied

Net Asset Value is the most appropriate benchmark as it is considered one of the principal drivers for members of the Company in assessing financial performance and represents total shareholders' interest.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors –

– our risk assessment, including our assessment of the Company's overall control environment and
– our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £287,900 (2020: £222,200), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2 Our consideration of the control environment

The Company is administered by a third party Guernsey regulated service provider. As part of our audit, we obtained an understanding of relevant controls established at the service provider.

8 Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following –

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies

- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to –
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team, including our financial instruments specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud and identified the greatest potential for fraud in the valuation and ownership of investments.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, the Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified valuation and ownership of investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following –

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of the board and the Audit Committee and reviewing correspondence with the Guernsey Financial Services Commission and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including financial instrument specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit –

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 17
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 17 to 18

- the Directors' statement on fair, balanced and understandable set out on pages 46 to 47
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 16
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 57 and
- the section describing the work of the Audit Committee.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion –

- we have not received all the information and explanations we require for our audit
- proper accounting records have not been kept by the Company or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

14 Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Sarah Paul FCA
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

5 October 2021

Statement of financial position as at 30 June 2021

	Notes	30 June 21 £	30 June 20 £
Assets			
Non-current assets			
Investments at fair value through profit or loss	10	516,760,500	400,997,042
Current assets			
Cash and cash equivalents		55,833,380	42,667,336
Trade and other receivables	11	6,011,217	8,877,207
Derivative financial assets	18, 19	270,023	–
Total current assets		62,114,620	51,544,543
Total assets		578,875,120	452,541,585
Liabilities			
Current liabilities			
Trade and other payables	12	595,622	4,887,485
Derivative financial liabilities	18, 19	2,428,165	3,541,719
Total liabilities		3,023,787	8,429,204
Net assets		575,851,333	444,112,381
Equity			
Capital and reserves attributable to the Company's shareholders			
Share capital	13	253,904,821	186,459,986
Capital reserve		220,493,564	158,853,795
Retained revenue reserve		6,403,389	3,749,041
Other reserves		95,049,559	95,049,559
Total equity		575,851,333	444,112,381
Net assets attributable to holders of redeemable participating preference shares (per share)	14	2.8129	2.4565

The Financial Statements on pages 82 to 119 were approved on 5 October 2021 and signed on behalf of the Board of Directors by

Christopher Russell
Chairman

David Staples
Director

The notes on pages 86 to 119 form an integral part of these Financial Statements.

Statement of comprehensive income for the year ended 30 June 2021

	Notes	Revenue £	Capital £	Year ended 30 June 21 £	Year ended 30 June 20 £
Fixed interest income		1,234,890	–	1,234,890	1,159,039
Dividend income		5,971,289	–	5,971,289	3,649,428
Net changes in fair value of financial assets at fair value through profit or loss	6	–	50,578,046	50,578,046	49,202,890
Other gains/(losses)	7	–	15,755,244	15,755,244	(7,835,401)
Total income		7,206,179	66,333,290	73,539,469	46,175,956
Management fees	8	–	(4,693,521)	(4,693,521)	(3,921,402)
Expenses	9	(632,121)	–	(632,121)	(633,225)
Total expenses		(632,121)	(4,693,521)	(5,325,642)	(4,554,627)
Profit for the year before tax		6,574,058	61,639,769	68,213,827	41,621,329
Withholding tax		(424,880)	–	(424,880)	(439,359)
Profit for the year after tax		6,149,178	61,639,769	67,788,947	41,181,970
Total comprehensive income for the year		6,149,178	61,639,769	67,788,947	41,181,970
Basic and diluted earnings per share		3.30p	33.13p	36.43p	22.78p

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.

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 year. The weighted average number of shares for the year was 186,055,211 (30 June 2020: 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 notes on pages 86 to 119 form an integral part of these Financial Statements.

Statement of changes in equity for the year ended 30 June 2021

	Notes	Share capital £	Capital reserve £	Retained revenue reserve* £	Other reserves* £	Total year ended 30 June 21 £
Balance at 1 July 2020		186,459,986	158,853,795	3,749,041	95,049,559	444,112,381
Total comprehensive income for the year		–	61,639,769	6,149,178	–	67,788,947
Transactions with shareholders						
Share capital issued	13	67,934,025	–	–	–	67,934,025
Share issue costs	13	(489,190)	–	–	–	(489,190)
Distributions during the year	5	–	–	(3,494,830)	–	(3,494,830)
Balance at 30 June 2021		253,904,821	220,493,564	6,403,389	95,049,559	575,851,333

	Notes	Share capital £	Capital reserve £	Retained revenue reserve* £	Other reserves* £	Total year ended 30 June 20 £
Balance at 1 July 2019		186,459,986	121,407,708	3,357,744	95,049,559	406,274,997
Total comprehensive income for the year		–	37,446,087	3,735,883	–	41,181,970
Transactions with shareholders						
Distributions during the year	5	–	–	(3,344,586)	–	(3,344,586)
Balance at 30 June 2020		186,459,986	158,853,795	3,749,041	95,049,559	444,112,381

* 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 reserves. In order to provide clearer information relating to reserves available for distribution, the Company has separately identified this reserve 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 86 to 119 form an integral part of these Financial Statements.

Statement of cash flows for the year ended 30 June 2021

	Notes	Year ended 30 June 21 £	Year ended 30 June 20 £
Cash flows from operating activities			
Profit for the year after tax		67,788,947	41,181,970
Adjustments for			
Net realised gains on investments	6	(38,668,618)	(37,326,151)
Unrealised gains on investments	6	(11,909,428)	(11,876,739)
Realised (gains)/losses on forward foreign exchange contracts	7	(14,377,597)	4,324,559
Unrealised (gains)/losses on forward foreign exchange contracts	7	(1,383,577)	3,209,682
Foreign exchange losses on cash and cash equivalents	7	5,930	301,160
Decrease/(increase) in trade and other receivables (excluding amounts due in respect of the issue of redeemable participating preference shares)		105,021	(321,573)
Increase/(decrease) in trade and other payables		108,137	(301,304)
		1,668,815	(808,396)
Net cash received/(paid) on closure of forward foreign exchange contracts	7	14,377,597	(4,324,559)
Purchases of investments		(404,105,845)	(351,393,055)
Sales of investments		338,567,277	383,463,252
Net cash (used in)/generated from operating activities		(49,492,156)	26,937,242
Cash flow from financing activities			
Dividends paid	5	(3,494,830)	(3,344,586)
Proceeds from issue of redeemable participating preference shares		66,648,150	–
Share issue costs		(489,190)	–
Net cash generated from/(used in) financing activities		62,664,130	(3,344,586)
Net increase in cash and cash equivalents		13,171,974	23,592,656
Cash and cash equivalents at the beginning of the year		42,667,336	19,375,840
Foreign exchange losses on cash and cash equivalents	7	(5,930)	(301,160)
Cash and cash equivalents at the end of the year		55,833,380	42,667,336

The notes on pages 86 to 119 form an integral part of these Financial Statements.

Notes to the Financial Statements
for the year ended 30 June 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.

The Company's registered office is shown on page 126 and details of its investment objective and strategy are shown on pages 12 to 13.

2 Significant accounting policies

a Statement of compliance

The Financial Statements of the Company for the year ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Listing Rules of the London Stock Exchange in compliance with the Companies (Guernsey) Law, 2008.

b Basis of preparation

The Financial Statements are prepared in pound sterling (£), which is the Company's functional and presentation currency. The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

c Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of cash and cash equivalents and securities which are readily realisable. 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 affected significantly in terms of value or cashflows by the effects of the covid-19 pandemic. Accordingly, in the Directors' opinion, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Matters relating to the going concern status of the Company are also discussed in the long-term viability statement on pages 17 to 18.

d New accounting standards and amendments effective and adopted

The following amended standards have been adopted in these Financial Statements

- IFRS 7 ('Financial Instruments: Disclosures'), IFRS 9 ('Financial Instruments') and IAS 39 ('Financial Instruments: Recognition and measurement') (amendments effective for periods commencing on or after 1 January 2020)
- IAS 1 ('Presentation of Financial Statements') and IAS 8 ('Accounting Policies, Changes in Accounting Estimates & Errors') (amendments effective for periods commencing on or after 1 January 2020)

The amendments to IFRS 7, IFRS 9 and IAS 39 related to the IASB publication 'Amendments regarding pre-replacement issues in the context of the IBOR reform', published in September 2019.

The amendments to IAS 1 and IAS 8 related to the IASB publication 'Definition of Material (Amendments to IAS 1 and IAS 8)', published in October 2018, which has clarified the definition of 'material' and aligned the definition used in the Conceptual Framework and the standards.

In addition, the IASB published 'Amendments to References to the Conceptual Framework in IFRS standards' in March 2018, which updated certain Standards and Interpretations with regard to references to and quotes from the Framework or to indicate where they refer to a different version of the Conceptual Framework, effective for accounting periods commencing on or after 1 January 2020.

In the opinion of the Directors, the adoption of these new and amended standards has had no material impact on the Financial Statements of the Company.

Standards and amendments in issue but not yet effective

The following standards, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective –

- IAS 1 (amended), 'Presentation of Financial Statements' – (effective for accounting periods commencing on or after 1 January 2023)
- IAS 8 (amended), 'Accounting Policies, Changes in Accounting Estimates and Errors' – (effective for accounting periods commencing on or after 1 January 2023)
- IAS 37 (amended), 'Provisions, Contingent Liabilities and Contingent Assets' – (effective for accounting periods commencing on or after 1 January 2022)

The amendments to IAS 1 were published in January 2020 and relate to the classification of liabilities.

The amendments to IAS 8 were published in February 2021 and clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The amendments to IAS 37 were published in May 2020 and relate to the costs to include when assessing whether a contract is onerous.

In addition, the IASB has issued the following publication –

‘Annual Improvements to IFRS Standards 2018-2020’, published in May 2020, which has amended certain existing standards, effective for accounting periods commencing on or after 1 January 2022.

The changes arising from the amendments to these standards are either presentational and/or minor in nature. It is therefore anticipated that the adoption of these amended standards will have no material impact on the Financial Statements of the Company.

e Financial instruments

i Classification

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and financial assets at amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company’s financial assets at fair value through profit or loss comprise investment assets and derivative assets in the form of forward foreign currency exchange contracts.

The Company’s financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

The Company’s financial liabilities at fair value through profit or loss comprise derivative liabilities in the form of forward foreign currency exchange contracts.

The Company’s financial liabilities at amortised cost comprise trade and other payables.

ii Investments at fair value through profit or loss ('investments')

Recognition

Investments are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given, including transaction or other dealing costs associated with the investment.

Measurement

Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments and gains and losses on investments that are sold are recognised through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss.

Investments traded in active markets are valued at the latest available bid prices ruling at midnight on the reporting date. The Directors are of the opinion that the bid-market prices are the best estimate of fair value. Investments consist of listed or quoted equities or equity-related securities, options and bonds which are issued by corporate issuers, supra-nationals or government organisations, and investment in funds.

Shares in some investment funds are not listed on an actively traded exchange and these are valued on the reporting date at the latest estimate of NAV from the administrator of the respective investment funds as the most recent price is the best estimate of the amount for which holdings could have been disposed of at the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses arising from changes in the fair value of financial assets/(liabilities) are shown as net gains or losses on financial assets through profit or loss (see note 10) and recognised in the Statement of Comprehensive Income in capital in the period in which they arise.

Realised gains and losses arising on disposal of investments are calculated by reference to the proceeds received on disposal and the average cost attributable to those investments, and are recognised in the Statement of Comprehensive Income. Unrealised gains and losses on investments are recognised in the Statement of Comprehensive Income in capital.

iii Derivatives

Forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss on remeasurement to fair value is recognised immediately through profit or loss in the Statement of Comprehensive Income within other gains in the period in which they arise.

iv Financial instruments at amortised cost

Trade and other receivables

Trade and other receivables are amounts due in the ordinary course of business and are classified as current assets if collection is expected in one year or less. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, such impairment to be determined using the simplified expected credit losses approach in accordance with IFRS 9.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value plus any directly attributable incremental costs of acquisition or issue and subsequently measured at amortised cost using the effective interest rate method.

v Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

vi Derecognition of financial instruments

A financial asset is derecognised when: (a) the rights to receive cash flows from the asset have expired, (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through arrangement'; or (c) the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

f Income

The Company has no income that falls within the scope of IFRS 15, therefore all income is recognised in accordance with IFRS 9. Dividend income from equity investments is recognised when the relevant investment is quoted ex-dividend, and is included gross of withholding tax. Interest income is recognised for all debt instruments using the effective interest rate method. Dividend and interest income are recognised through profit or loss in the Statement of Comprehensive Income in revenue.

g Expenses

Expenses are accounted for on an accruals basis and are recognised through profit or loss in the Statement of Comprehensive Income in either capital or revenue reserves. The Company's management fees are allocated between capital and revenue in a ratio determined by the Board at its sole discretion. Currently 100% of the management fees are charged to capital. All other expenses of the Company are recognised in revenue.

Transaction costs on the purchases of investments are capitalised to the cost of the investments, and transaction costs on the sales of investments are recognised in gains/(losses) on disposal of investments.

h Translation of foreign currency

Functional and presentation currency

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its 'functional currency'). The Directors have considered the currency in which the original capital was raised, distributions will be made and ultimately the currency in which capital would be returned in a liquidation. On balance, the Directors believe that pound sterling best represents the functional currency of the Company. For the purpose of the Financial Statements, the results and financial position of the Company are expressed in pound sterling, which is the presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and those from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items such as financial assets held at fair value through profit or loss are reported as part of net changes in fair value on financial assets through profit or loss in the Statement of Comprehensive Income.

i Share issue costs

Share issue costs are fully written off against the share capital account in the period of the share issue in accordance with Guernsey company law.

j Redeemable participating preference shares

As the Company's redeemable participating preference shares are redeemable at the sole option of the Directors, they are required to be classified as equity instruments.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgement –

Fair value levelling

The Company allocates its financial instruments into levels of the fair value hierarchy, in accordance with the requirements of IFRS 9. For details of how these allocations are determined, please refer to note 19.

Estimates

The Company records its investments and derivatives at fair value. Details of the valuation methodologies applied in determining the fair value of the Company's investments are disclosed in note 19. The fair values of forward foreign exchange contracts are determined with reference to prevailing exchange rates. The Directors consider that these valuations represent the best estimate of the fair values of the Company's investments and derivatives.

4 Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (30 June 2020: £1,200).

The amounts disclosed as taxation in the Statement of Comprehensive Income relate solely to withholding tax deducted at source on income.

5 Dividends to shareholders

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

	Year ended 30 June 21 £	Year ended 30 June 20 £
2020 Second interim dividend of 0.95p (2019: 0.9p)	1,717,491	1,627,095
2021 First interim dividend of 0.95p (2020: 0.95p)	1,777,339	1,717,491
	3,494,830	3,344,586

A second interim dividend of 1.55 pence per share in respect of the year ended 30 June 2021 was declared on 5 October 2021. The dividend is payable on 29 October 2021 to shareholders on record at 15 October 2021.

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

	Year ended 30 June 21 £	Year ended 30 June 20 £
Gains realised on investments sold during the year	46,640,900	60,136,847
Losses realised on investments sold during the year	(7,972,282)	(22,810,696)
Net realised gains/(losses) on investments sold during the year (see note 10)	38,668,618	37,326,151
Movement in unrealised gains arising from changes in fair value	11,909,428	11,876,739
Net changes in fair value on financial assets at fair value through profit or loss	50,578,046	49,202,890

7 Other gains/(losses)

	Year ended 30 June 21 £	Year ended 30 June 20 £
Movement in unrealised gains/(losses) on spot and forward foreign exchange currency contracts	1,383,577	(3,209,682)
Realised gains/(losses) on spot and forward foreign currency contracts	14,377,597	(4,324,559)
Other realised and unrealised foreign exchange losses	(5,930)	(301,160)
	15,755,244	(7,835,401)

8 Management fees

The management fees were charged to the capital reserves of the Company. The management fees for the year, including outstanding balances at end of the year, are detailed below.

	Year ended 30 June 21 £	Year ended 30 June 20 £
Management fees for the year	4,693,521	3,921,402
Management fees payable at the end of the year	502,316	375,692

The basis for calculating the management fees is set out in the General Information on page 124.

9 Expenses

	Year ended 30 June 21 £	Year ended 30 June 20 £
Administration fee*	174,428	161,174
Directors' fees	178,702	162,961
Custodian and Depositary fees*	84,922	79,610
Broker's fees	35,632	35,009
Audit fee	37,500	33,304
Auditor's remuneration for interim review	8,500	8,400
Legal and professional fees	32,500	49,325
Registrar fees	39,568	32,537
General expenses	40,369	70,905
	632,121	633,225

*The basis for calculating the Administration fees, Custodian and Depositary fees is set out in the General Information on page 124.

All expenses were charged to revenue.

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 and gains or losses on investments. The OCR is calculated as the total ongoing charges for a period divided by the average net asset value over that period.

	Year ended 30 June 21 £	Year ended 30 June 20 £
Management fee (see note 8)	4,693,521	3,921,402
Other expenses (see above)	632,121	633,225
	5,325,642	4,554,627
Excluded expenses*	(18,794)	(41,000)
Total ongoing expenses	5,306,848	4,513,627
Average NAV	493,858,553	419,384,091
Ongoing charges ratio (using AIC methodology)	1.08%	1.08%

* Current year excluded expenses comprises fees relating to an EGM of the Company held during the year. Prior year excluded expenses principally comprised consultancy costs relating to Board recruitment.

10 Investment assets at fair value through profit or loss

	Year ended 30 June 21 £	Year ended 30 June 20 £
Cost of investments at the start of the year	350,041,991	351,139,573
Acquisitions at cost during the year	399,705,845	353,038,268
Disposals during the year	(334,520,433)	(391,462,001)
Gains on disposals during the year	38,668,618	37,326,151
Cost of investments held at the end of the year	453,896,021	350,041,991
Fair value above cost	62,864,479	50,955,051
Fair value of investments held at the end of the year	516,760,500	400,997,042

11 Trade and other receivables

	30 June 21 £	30 June 20 £
Amounts receivable within one year		
Investment income receivable	271,410	316,231
Fixed interest income receivable	419,384	456,357
Sales of investments awaiting settlement	4,026,553	8,073,397
Proceeds receivable from the issue of redeemable participating preference shares	1,285,875	–
Other receivables	1,016	23,498
Prepayments	6,979	7,724
	6,011,217	8,877,207

The Directors consider that the carrying amounts of trade and other receivables approximate to their fair value.

12 Trade and other payables

	30 June 21 £	30 June 20 £
Amounts falling due within one year		
Purchases of investments awaiting settlement	–	4,400,000
Management fees payable	502,316	375,692
Other payables	93,306	111,793
	595,622	4,887,485

The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

13 Share capital

	30 June 21 £	30 June 20 £
Authorised share capital		
Unlimited unclassified shares of 0.01p each	Unlimited	Unlimited
75,000,000 C shares of 0.1p each	75,000	75,000
	Unlimited	Unlimited

The Company's share capital comprises 75,000,000 C shares of 0.1p each, and an unlimited number of unclassified shares of 0.01p each.

	Number of shares		Share capital	
	Year ended 30 June 21 £	Year ended 30 June 20 £	Year ended 30 June 21 £	Year ended 30 June 20 £
Issued share capital				
Redeemable participating preference shares of 0.01p each				
Balance at the start of the year	180,788,416	180,788,416	186,459,986	186,459,986
Issued and fully paid during the year	23,930,000	–	67,934,025	–
Share issue costs	–	–	(489,190)	–
Balance at the end of the year	204,718,416	180,788,416	253,904,821	186,459,986

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 year end (30 June 2020: Nil).

Block listing and additional shares issued

As at 30 June 2020, the Company had the ability to issue 6,321,341 redeemable participating preference shares under a block listing facility. On 3 March 2021, the Company announced that an application had been made for the block listing of an additional 11,757,500 redeemable participating preference shares, with an admission date of 4 March 2021. At an EGM held on 7 May 2021, a resolution was approved by shareholders empowering the Directors to issue an additional 19,546,841 redeemable participating preference shares, being 10% of the equity securities in issue at the latest practicable date prior to the EGM notice, excluding shares held in treasury for cash and pursuant to Article 7(2)(G) of the Articles. The rights under Article 7 (2)(B) were thereby excluded. During the year, 23,930,000 new redeemable participating preference shares were allotted or issued under the block listing facility (30 June 2020: no redeemable participating preference shares issued). New redeemable participating preference shares rank pari passu with the existing shares in issue. As at 30 June 2021, the Company had the ability to issue 13,695,682 redeemable participating preference shares under the block listing facility. At an EGM held on 27 September 2021, a resolution was approved by shareholders empowering the Directors to issue a further 21,684,841 redeemable participating preference shares, being 10% of the equity securities in issue at the latest practicable date prior to the EGM notice.

Redeemable participating preference shares in issue

As at 30 June 2021, the Company had 204,718,416 (30 June 2020: 180,788,416) redeemable participating preference shares of 0.01 pence each in issue. Therefore, the total voting rights in the Company at 30 June 2021 were 204,718,416 (30 June 2020: 180,788,416). Subsequent to the year end, the Company has issued a further 14,695,000 redeemable participating preference shares at an average issue price of £2.8634.

Purchase of own shares by the Company

A special resolution was passed on 4 December 2020 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

a the maximum number of shares the Company can purchase is no more than 14.99% of the Company's issued share capital b the minimum price (exclusive of expenses) which may be paid for a share is 0.01 pence, being the nominal value per share

c 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)

d 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

e the authority conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2021 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

f 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.

14 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 year end NAV to the LSE, not all 30 June prices of the Company's investments may be available. Adjustments are made to the NAV in the Financial Statements once these prices become available. The following is a reconciliation of the NAV and NAV per share attributable to redeemable participating preference shareholders as presented in these Financial Statements to the NAV and NAV per share reported to the LSE.

	30 June 21		30 June 20	
	NAV £	NAV per share £	NAV £	NAV per share £
NAV published on the LSE as at the year end	575,913,008	2.8132	444,397,682	2.4581
Adjustments to valuations	(61,675)	(0.0003)	(285,301)	(0.0016)
Net assets attributable to holders of redeemable participating preference shares	575,851,333	2.8129	444,112,381	2.4565

15 Contingent liabilities

There were no contingent liabilities as at 30 June 2021 (30 June 2020: £Nil).

16 Related party transactions

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 Articles.

The market value of LF Ruffer Gold is deducted from the NAV of the Company before the calculation of management fees on a monthly basis, as the Investment Manager separately earns a management fee from that entity. For additional information, refer to the Portfolio Statement on pages 120 to 123. Management fees for the year and payable at the end of the year are disclosed in note 8.

Shares held in Ruffer Management Limited (RML), the Managing Member of Ruffer LLP

As at 30 June 2020, an immediate family member of the then Chairman Ashe Windham owned 100 shares in RML, the Managing Member of Ruffer LLP, which is the parent entity of the Investment Manager of the Company. This amounted to less than 1% of RML's issued share capital. As at 30 June 2021, Ashe Windham is no longer a member of the Company's Board of Directors.

Directors' remuneration

Directors' remuneration is set out in the Directors' Remuneration Report on page 61 of the Financial Statements.

Shares held by related parties

As at 30 June 2021, Directors of the Company held the following numbers of shares beneficially –

Shares	30 June 21	30 June 20
Ashe Windham*	na	180,000
Christopher Russell	100,000	75,000
David Staples	80,000	80,000
Jill May	11,000	11,000
Shelagh Mason	11,325	–
Nicholas Pink	36,023	na
	238,348	346,000

* Ashe Windham held 135,000 shares and his wife held 45,000 shares

As at 30 June 2021, Hamish Baillie, Investment Director of the Investment Manager owned 205,000 (30 June 2020: 205,000) shares in the Company.

As at 30 June 2021, Duncan MacInnes, Investment Manager of the Investment Manager owned 43,100 (30 June 2020: 43,100) shares in the Company.

As at 30 June 2021, Jonathan Ruffer, chairman of Ruffer LLP (the parent entity of the Company's Investment Manager), owned 1,039,335 (30 June 2020: 1,039,335) shares in the Company.

As at 30 June 2021, Ruffer LLP and other entities within the Ruffer Group held 5,633,800 (30 June 2020: 6,896,028) shares in the Company on behalf of its discretionary clients.

Investments in related funds

As at 30 June 2021, the Company held investments in four (30 June 2020: four) related investment funds valued at £86,021,056 (30 June 2020: £91,153,877). Refer to the Portfolio Statement on pages 120 to 123 for details.

17 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 year.

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.

18 Financial instruments

In accordance with its investment objectives and policies, the Company holds financial instruments which at any one time may comprise the following

- securities held in accordance with the investment objectives and policies
- cash and short-term receivables and payables arising directly from operations
- derivative transactions including investment in forward foreign currency contracts and
- borrowing up to a maximum of 30% of the NAV of the Company.

Terms, conditions and accounting policies

The financial instruments held by the Company comprise principally 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.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 2. The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IFRS 9.

The following are the categories of financial instruments held by the Company at the reporting date.

	30 June 21 Fair value £	30 June 20 Fair value £
Financial assets		
Financial assets at fair value through profit or loss		
Listed securities	466,574,640	365,857,649
Unlisted securities	–	1,593,750
UCITS funds	43,088,860	33,545,643
Derivative financial assets	270,023	–
Financial assets at amortised cost		
Cash and cash equivalents	55,833,380	42,667,336
Trade and other receivables	6,011,217	8,869,483
	578,868,141	452,533,861
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	2,428,165	3,541,719
Financial liabilities at amortised cost		
Trade and other payables	595,622	4,887,485
	3,023,787	8,429,204

19 Financial risk management and associated risks

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks, which have applied throughout the year and the Investment Manager's policies for managing them are summarised as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the market risks of changes in market prices, interest rates and foreign currency exchange rates.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of the financial instruments held by the Company. It represents the potential loss the Company may suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Placing and Offer for Subscription document mitigates the risk of excessive exposure to any particular type of security or issuer.

Market price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity, investment funds and bond price risks at the reporting date. The 20% reasonably possible price movement for equity-related securities and investment funds (30 June 2020: 20%) is based on the Investment Manager's best estimates. The sensitivity rate for equity-related investments of 20% is regarded as reasonable, as in the Investment Manager's view there continues to be potential for volatility in equity markets in the coming year.

A 20% (30 June 2020: 20%) increase in the market prices of equity-related investments as at 30 June 2021 would have increased the net assets attributable to holders of redeemable participating preference shares by £63,896,286 (30 June 2020: £48,419,953) and a 20% change in the opposite direction would have decreased the net assets attributable to holders of redeemable participating preference shares by an equal opposite amount.

A sensitivity analysis based on the interest rates of bond-related investments as at 30 June 2021 has been considered under Interest rate risk on pages 110 to 111.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

Foreign currency risk

Foreign currency risk arises from fluctuations in the value of a foreign currency. It represents the potential loss the Company may suffer though holding foreign currency assets in the face of foreign exchange movements.

As a portion of the Company's investment portfolio is invested in securities denominated in currencies other than pound sterling (the functional and presentation currency of the Company), the Statement of Financial Position may be significantly affected by movements in the exchange rates of such currencies against pound sterling. The Investment Manager has the power to manage exposure to currency movements by using options, warrants and/or forward foreign currency contracts and details of the holdings of such instruments at the date of these Financial Statements is set out below and on the following page. In the event that the base currency weakens during the course of the contract, the contract will expire at a loss that will be offset by a corresponding gain in the underlying assets. The opposite would be true when the base currency strengthens during the course of the contract.

As at 30 June 2021, the Company had seven (30 June 2020: three) open forward foreign currency contracts.

Forward foreign exchange contracts at 30 June 2021

Expiry date	Underlying	Notional amounts of contracts outstanding	Fair value assets/(liabilities) £
16 July 2021	Foreign currency (sale of USD)	US$142,401,785	(1,923,429)
16 July 2021	Foreign currency (sale of JPY)	¥7,652,532,853	(493,080)
16 July 2021	Foreign currency (sale of EUR)	€8,261,673	30,532
16 July 2021	Foreign currency (sale of EUR)	€2,692,488	(486)
16 July 2021	Foreign currency (purchase of USD)	US$13,994,613	54,922
16 July 2021	Foreign currency (purchase of USD)	US$48,407,172	184,569
16 July 2021	Foreign currency (purchase of JPY)	¥524,690,140	(11,170)
			(2,158,142)

Forward foreign exchange contracts at 30 June 2020

Expiry date	Underlying	Notional amounts of contracts outstanding	Fair value liabilities £
11 Sep 2020	Foreign currency (sale of USD)	US$152,000,000	(3,240,867)
11 Sep 2020	Foreign currency (sale of USD)	US$10,000,000	(113,864)
11 Sep 2020	Foreign currency (sale of JPY)	¥1,200,000,000	(186,988)
			(3,541,719)

The Company's treatment of currency transactions other than in pound sterling is set out in note 2 to the Financial Statements under 'Translation of foreign currency.'

As at 30 June 2021 and 30 June 2020, the Company held the following assets and liabilities in currencies other than the functional currency, excluding the impact of forward foreign exchange contracts disclosed above.

	30 June 21 assets £	30 June 21 liabilities £	30 June 20 assets £	30 June 20 liabilities £
Australian dollar	–	–	5,435,872	–
Euro	26,126,214	–	11,739,650	–
Hong Kong dollar	2,622,878	–	1,494,871	–
Yen	50,120,395	–	38,350,207	–
Norwegian krone	6,835,006	–	–	–
Singapore dollar	1,451,223	–	–	–
US dollar	105,514,558	–	157,276,696	–
Total	192,710,274	–	214,297,296	–

Foreign currency sensitivity

As at 30 June 2021, if foreign exchange rates had weakened 10% (30 June 2020: 10%) against pound sterling with all other variables held constant, net assets attributable to holders of redeemable participating preference shares would be £7,909,284 (30 June 2020: £7,474,679) lower, net of open forward foreign currency contracts and due mainly as a result of foreign currency losses on translation of these financial assets and liabilities to pound sterling; and a 10% strengthening of foreign exchange rates against pound sterling would have resulted in an equal but opposite effect on the net assets attributable to holders of redeemable participating preference shares. The sensitivity rate of 10% is regarded as reasonable as this approximates to the average volatility of the principal foreign currencies to which the Company is exposed against Pound Sterling. Any changes in the foreign exchange rate will directly affect the profit and loss, allocated to the capital column of the Statement of Comprehensive Income.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

As has been seen in previous years currencies can fluctuate by more or less than this indicative amount. The Investment Manager will incorporate this variable into risk analysis when managing the investments.

Interest rate risk

Interest rate risk represents the uncertainty of investment return due to changes in the market rates of interest.

The Company invests in fixed and floating rate securities. The income of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. Interest receivable on bank deposits or payable on the bank overdraft positions will be affected by fluctuations in interest rates.

The Investment Manager actively manages the Company's exposure to interest rate risk, paying heed to prevailing interest rates and economic conditions, market expectations and their own opinions of likely movements in interest rates. Currently the vast majority of the exposure of the Company to fixed interest securities is in the form of index-linked bonds. The value of these investments is determined by current and expected inflation and interest rates.

The value of fixed interest securities will be affected by general changes in interest rates that will in turn result in increases or decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise, and when interest rates rise, the value of those investments may decline.

The investment portfolio details the security type, issuer, interest rate, and maturity date of all of the Company's fixed and floating rate securities as at 30 June 2021.

The following tables summarise the Company's exposure to interest rate risk. It includes the Company's financial assets and liabilities at fair values, categorised by underlying interest rate type.

As at 30 June 2021

	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Financial assets				
Investments at fair value through profit or loss	7,960,943	189,318,128	319,481,429	516,760,500
Cash and cash equivalents	55,833,380	–	–	55,833,380
Derivative financial assets	–	–	270,023	270,023
Trade and other receivables	–	–	6,004,238	6,004,238
	63,794,323	189,318,128	325,755,690	578,868,141
Financial liabilities				
Derivative financial liabilities	–	–	2,428,165	2,428,165
Trade and other payables	–	–	595,622	595,622
	–	–	3,023,787	3,023,787

As at 30 June 2020

	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Financial assets				
Investments at fair value through profit or loss	–	158,897,275	242,099,767	400,997,042
Cash and cash equivalents	42,667,336	–	–	42,667,336
Trade and other receivables	–	–	8,869,483	8,869,483
	42,667,336	158,897,275	250,969,250	448,133,861
Financial liabilities				
Derivative financial liabilities	–	–	3,541,719	3,541,719
Trade and other payables	–	–	4,887,485	4,887,485
	–	–	8,429,204	8,429,204

The table below summarises weighted average effective (real) interest rates for fixed rate financial instruments.

	30 June 21 %	Weighted average period for which rate/ yield is fixed (years)	30 June 20 %	Weighted average period for which rate/ yield is fixed (years)
UK government bonds	-2.1118	22.76	-1.6905	31.97
US government bonds	-2.4929	1.37	-0.4739	16.49
Japanese government bonds	-0.2894	5.69	0.1447	6.69

Interest rate sensitivity analysis

An increase of 50 basis points (30 June 2020: 50 basis points) in interest rates as at the reporting date would have decreased the net assets attributable to holders of redeemable participating preference shares by £17,823,385 (30 June 2020: £16,079,980) and a decrease of 10 basis points (30 June 2020: 10 basis points) in interest rates would have increased the net assets attributable to holders of redeemable participating preference shares by £3,564,677 (30 June 2020: £3,215,996).

Key determinants of interest rates include economic growth prospects, inflation, governments' fiscal positions and rates on nominal bonds of similar maturities. This sensitivity analysis assumes a 50 basis point increase and a 10 basis point decrease in interest rates (30 June 2020: 50 basis point increase or 10 basis point decrease), with all other variables unchanged. This would be the equivalent of a 50 basis point increase and 10 basis point decreases in 'real' interest rates and as such is likely to overstate the actual impact of such a move in nominal rates. The reduced interest sensitivity rates in the current year are regarded as reasonable due to the lower interest rate environment as a result of effect of the covid-19 pandemic on national economies.

As most of the Company's fixed rate securities are index-linked bonds, their yields, and as a consequence their prices, are determined by market perception as to the appropriate level of yields given the economic background.

This analysis does not allow for the impact of investments held within Ruffer Protection Strategies which may reduce the sensitivity to changes in interest rates. See derivatives comment below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Failure of any relevant counterparty to perform its obligations in respect of these items may lead to a financial loss.

The Company is exposed to credit risk in respect of cash and cash equivalents and trade and other receivables. The credit risk associated with debtors is limited to the unrealised gains on open derivative contracts such as forward foreign currency contracts, as detailed above and trade and other receivables. It is the opinion of the Board of Directors that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Company will not invest in the securities of any company that is not quoted or does not have a listing on a market specified in the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 except for investments in investment funds and such other financial markets as may be specifically agreed from time to time between the Board and the Investment Manager.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

The Placing and Offer for Subscription document allows investment in a wide universe of equity related securities and bonds, including those in countries that may be classed as emerging or developing. In adhering to investment restrictions set out within the document, the Company mitigates the risk of any significant concentration of credit risk.

Credit risk analysis

The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below.

	30 June 21 £	30 June 20 £
Financial assets at fair value through profit or loss	516,760,500	400,997,042
Derivative assets at fair value through profit or loss	270,023	–
Cash and cash equivalents	55,833,380	42,667,336
Trade and other receivables	6,004,238	8,869,483
	578,868,141	452,533,861

The Company is exposed to material credit risk in respect of cash and cash equivalents. Substantially, all cash is placed with Northern Trust (Guernsey) Limited (NTGL).

NTGL is a wholly owned subsidiary of The Northern Trust Corporation (TNTC). TNTC is publicly traded and a constituent of the S&P 500. TNTC has a long-term credit rating of A+ (30 June 2020: A+) from Standard & Poor's and A2 (30 June 2020: A2) from Moody's.

The Moody's credit ratings of the issuers of Bonds held by the Company as at 30 June 2021 were as follows.

	30 June 21	30 June 20
UK gilt 3.75% 07/09/2021	Aa3	Aa2
UK index-linked gilt 1.875% 22/11/2022	Aa3	Aa2
UK gilt 0.125% 31/01/2023	Aa3	–
UK index-linked gilt 0.375% 22/03/2062	Aa3	Aa2
UK index-linked gilt 0.125% 22/11/2065	Aa3	–
UK index-linked gilt 0.125% 22/03/2068	Aa3	Aa2
US Treasury floating rate bond 31/10/2021	Aaa	–
US Treasury inflation indexed bond 0.125% 15/04/2022	Aaa	–
US Treasury inflation indexed bond 0.625% 15/04/2023	Aaa	–
Japanese government index-linked bond 0.10% 10/03/2026	A1	Aaa
Japanese government index-linked bond 0.10% 10/03/2027	A1	Aaa
Japanese government index-linked bond 0.10% 10/03/2028	A1	Aaa

None of the Company's financial assets is secured by collateral or other credit enhancements.

Derivatives

The Company has gained exposure to derivative contracts (predominantly options and forward currency contracts) as a risk management tool. The intention of using such derivative contracts has been primarily to minimise the exposure of the Company to the negative impact of changes to foreign exchange rates, interest rates, market volatility and to protect the portfolio from a correlated fall in bonds and equities. At the year end, all such instruments (except forward foreign exchange contracts) were held within the Ruffer Protection Strategies vehicle as detailed in the Portfolio Statement on page 123.

Fair value

Financial assets at fair value through profit or loss are carried at fair value. Other assets and liabilities are carried at cost which approximates fair value.

IFRS 7 requires the Company to classify a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 7 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. 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 under IFRS 7 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 significant 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.

Assets classified in Level 1 consist of listed or quoted equities or equity related securities, options and 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 forward contracts are fair valued using publicly available data. Foreign exchange forward contracts are shown as derivative financial assets and liabilities in the above 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.

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 June 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
Illiquid strategies and options	–	42,932,196	–	42,932,196
Gold 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 assets	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 liabilities	–	2,428,165	–	2,428,165

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 30 June 2020.

	Level 1 £	Level 2 £	Level 3 £	30 June 20 total £
Financial assets at fair value through profit or loss				
Non-UK index-linked bonds	95,722,858	–	–	95,722,858
Long-dated index-linked gilts	44,790,755	–	–	44,790,755
Short-dated index-linked gilts	18,383,662	–	–	18,383,662
Illiquid strategies and options	–	57,608,234	–	57,608,234
Gold and gold equities	33,486,247	18,068,245	–	51,554,492
Equities	115,865,893	15,477,398	1,593,750	132,937,041
Total assets	308,249,415	91,153,877	1,593,750	400,997,042
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	3,541,719	–	3,541,719
Total liabilities	–	3,541,719	–	3,541,719

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the years ended 30 June 2021 and 30 June 2020, there were no transfers between levels of fair value hierarchy.

The movements in Level 3 investments during the year were as follows.

	Year ended 30 June 21 £	Year ended 30 June 20 £
Opening valuation	1,593,750	1,593,750
Liquidation distribution received	(1,809,375)	–
Realised gain	215,625	–
Closing valuation	–	1,593,750

During the year, the liquidators of Renn Universal Growth Investment Trust, the Company's sole Level 3 investment, made a third liquidation distribution to shareholders of £1.93 per share. There is a chance of a further small residual payment, but of an unknown amount at an unknown date in the future, as a result of which no value has been ascribed to this investment at 30 June 2021.

Liquidity risk

Liquidity risk is the risk that the Company will find it difficult or impossible to realise assets or otherwise raising funds to meet financial commitments. The Company's liquidity risk is managed by the Investment Manager who monitors the cash positions on a regular basis. The Company's overall liquidity risks are monitored on a regular basis by the Board of Directors and a formal report is made by the Investment Manager to the Directors at each Board Meeting.

As at 30 June 2021 and 30 June 2020, the Company had no significant financial liabilities other than short-term payables arising directly from investing activity and derivative financial liabilities used to minimise the Company's foreign currency exposure.

20 Capital risk management

The fair value of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date. For the purposes of this disclosure, redeemable participating preference shares are considered to be capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and be viable in order to pursue its investment objectives. The Board regularly reviews the Company's capital structure, including gearing levels. It also decides the extent to which any return of capital or income may be made to shareholders by way of dividends or share repurchases. It is the Board's intention to increase the market capitalisation of the Company not only through capital gain on the portfolio but also through further issuance of shares when demand permits and the shares are trading at a sufficient premium to NAV per share.

The Company has the ability to borrow up to 30% of its NAV at any time for short-term or temporary purposes as is necessary for the settlement of transactions, to facilitate redemption (where applicable) or to meet ongoing expenses. At the year end the Company had no borrowings (30 June 2020: Nil). The Company does not have, nor does it intend to adopt, any structural gearing. The gearing ratio below is calculated as total liabilities divided by total equity.

	30 June 21 £	30 June 20 £
Total assets	578,875,120	452,541,585
Less: total liabilities	(3,023,787)	(8,429,204)
Total equity	575,851,333	444,112,381
Gearing ratio	0.53%	1.90%

The Board considers this gearing ratio to be adequate since total liabilities above refer only to trade and other payables and unrealised losses on open spot and forward foreign currency contracts and which represents less than 1% (2020: less than 2%) of the Company's total assets.

Redemption Facility

In addition to the Company having the authority to purchase shares when deemed appropriate by the Directors, the Company has a Redemption Facility (which takes the form of a tender offer to all holders of redeemable participating preference shares). This facility may operate annually, in November each year, at the discretion of the Directors. Redemptions on any Redemption Date may be restricted to a maximum of 25% in aggregate of the Shares then in issue, with any tender requests from shareholders in excess of this being scaled back pro rata.

The facility is intended, together with share buybacks, to address any imbalance in the supply and demand for the shares and to assist in maintaining a narrow discount to the NAV per Share at which the shares may be trading.

Purchase of own shares by the Company

A special resolution was passed on 4 December 2020 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 redeemable participating preference shares of 0.01p 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 London Stock Exchange Daily Official List for the five 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 acquisitions may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the lower of the undiluted or diluted NAV

v the authority conferred shall expire at the conclusion of the AGM of the Company in 2020 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 a purchase of Shares pursuant to any such contract. No such repurchases of shares were made during the year (30 June 2020: Nil).

21 Subsequent events

These Financial Statements were approved for issuance by the Board on 5 October 2021. Subsequent events have been evaluated up until this date.

Subsequent to the year end, the Company has announced tap issues totalling 14,695,000 redeemable participating preference shares at an average issue price of £2.8634 per share.

At an EGM held on 27 September 2021, a resolution was approved by shareholders empowering the Directors to issue a further 21,684,841 redeemable participating preference shares, being 10% of the equity securities in issue at the latest practicable date prior to the EGM notice.

A second interim dividend of 1.55 pence per share in respect of the year ended 30 June 2021 was declared on 5 October 2021. The dividend is payable on 29 October 2021 to shareholders on record at 15 October 2021.

Portfolio statement as at 30 June 2021

	Currency	Holding at 30 June 21	Fair value £	% of total net assets
Government bonds 34.27%				
(30 Jun 20: 35.78%)				
Non-UK index-linked bonds				
Japanese index linked bond 10/03/2026	JPY	350,000,000	2,360,535	0.41
Japanese index linked bond 10/03/2027	JPY	350,000,000	2,373,286	0.41
Japanese index linked bond 10/03/2028	JPY	350,000,000	2,356,737	0.41
US Treasury inflation indexed bond 0.125% 15/04/2022	USD	18,000,000	14,652,159	2.55
US Treasury inflation indexed bond 0.625% 15/04/2023	USD	24,100,000	19,799,732	3.44
Total non-UK index-linked bonds			41,542,449	7.22
Long-dated index-linked gilts				
UK index-linked gilt 0.375% 22/03/2062	GBP	6,050,000	19,488,142	3.38
UK index-linked gilt 0.125% 22/11/2065	GBP	8,100,000	24,153,776	4.20
UK index-linked gilt 0.125% 22/03/2068	GBP	9,100,000	30,557,016	5.31
Total long-dated index-linked gilts			74,198,934	12.89
Short-dated index-linked gilts				
UK index-linked gilt 1.875% 22/11/2022	GBP	20,500,000	32,385,876	5.62
Total short-dated index-linked gilts			32,385,876	5.62
Short-dated bonds				
UK gilt 3.75% 07/09/2021	GBP	26,000,000	26,176,020	4.55
US Treasury floating rate bond 31/10/2021	USD	11,000,000	7,960,943	1.38
UK gilt 0.125% 31/01/2023	GBP	15,000,000	15,014,850	2.61
Total short-dated bonds			49,151,813	8.54
Total government bonds			197,279,072	34.27
Equities 41.40% (30 Jun 20: 29.93%)				
Europe				
Aena SME	EUR	26,000	3,079,798	0.54
Banco Santander	EUR	1,850,000	5,105,061	0.89
Bank of Ireland Group	EUR	800,000	3,097,283	0.54
Europcar Mobility Group	EUR	8,500,000	3,473,729	0.60
Equinor	NOK	260,000	3,979,231	0.69
Fresenius Medical Care	EUR	50,000	3,006,771	0.52
Koninklijke Vopak	EUR	60,000	1,969,144	0.34
Unicredito	EUR	360,000	3,069,272	0.53
Vinci	EUR	22,000	1,696,717	0.30
Volkswagen	EUR	9,000	1,628,439	0.28
Yara International	NOK	75,000	2,855,775	0.50
Total Europe equities			32,961,220	5.73

	Currency	Holding at 30 June 21	Fair value £	% of total net assets
United Kingdom				
Bae Systems	GBP	400,000	2,088,000	0.36
Barclays	GBP	2,200,000	3,764,640	0.65
Belvoir Lettings	GBP	500,000	1,200,000	0.21
BP	GBP	3,500,000	11,025,000	1.91
Breedon Group	GBP	1,200,000	1,293,600	0.22
BT Group	GBP	1,300,000	2,521,350	0.44
Countryside Properties	GBP	1,050,206	4,963,274	0.86
Glaxosmithkline	GBP	500,000	7,097,000	1.23
Glencore International	GBP	1,000,000	3,094,000	0.54
Grit Real Estate	GBP	1,626,850	715,814	0.12
Hipgnosis Songs Fund	GBP	1,400,000	1,702,400	0.30
Lloyds Banking Group	GBP	31,776,800	14,836,588	2.58
Marks & Spencer Group	GBP	1,200,000	1,757,400	0.31
Melrose Industries	GBP	1,600,000	2,480,000	0.43
Natwest Group	GBP	4,509,790	9,159,383	1.59
PRS Real Estate Investment Trust	GBP	1,350,000	1,377,000	0.24
Renn Universal Growth Trust	GBP	937,500	0	0.00
Royal Dutch Shell B	GBP	800,000	11,192,000	1.95
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	73,147	21,486,092	3.73
Taylor Maritime Investments	GBP	3,600,000	2,736,000	0.48
Tesco	GBP	3,050,000	6,798,450	1.18
Trident Royalties	GBP	4,117,647	1,523,529	0.26
Tufton Oceanic Assets	USD	3,348,400	2,759,870	0.48
Total UK equities			115,571,390	20.07
North America				
Alexion Pharmaceuticals	USD	29,000	3,850,452	0.67
American Express	USD	15,000	1,792,061	0.31
Bristol Myers Squibb CVR	USD	144,000	6,953,771	1.21
Cabot Oil & Gas	USD	150,000	1,893,572	0.33
Centene	USD	140,000	7,379,076	1.28
Chesapeake Energy	USD	70,000	2,626,202	0.46
Cigna	USD	38,000	6,513,383	1.13
Ehealth	USD	60,000	2,533,439	0.44
General Motors	USD	56,000	2,395,720	0.42
Northrop Grumman	USD	7,000	1,838,999	0.32
Total North America equities			37,776,675	6.57

	Currency	Holding at 30 June 21	Fair value £	% of total net assets
Japan				
Central Glass	JPY	13,000	179,700	0.03
Dena	JPY	28,600	438,895	0.08
Fuji Electric	JPY	65,000	2,191,258	0.38
Fuji Media	JPY	34,600	277,870	0.05
Fujitec	JPY	18,900	302,954	0.05
Fujitsu	JPY	24,000	3,241,787	0.56
Japan Petroleum Exploration	JPY	10,800	140,293	0.02
Kato Sangyo	JPY	17,900	393,750	0.07
Koito Manufacturing	JPY	6,500	291,886	0.05
Mitsubishi Electric	JPY	280,000	2,938,382	0.51
Mitsubishi Heavy Industries	JPY	100,000	2,127,480	0.37
NEC	JPY	78,000	2,903,629	0.51
Nippo	JPY	13,500	277,633	0.05
Nippon Seiki	JPY	35,500	273,777	0.05
Nippon Television	JPY	22,300	186,491	0.03
Nissan Shatai	JPY	55,800	260,378	0.05
Nomura Real Estate	JPY	250,000	4,583,289	0.80
Orix	JPY	370,000	4,512,548	0.78
Rakuten Group	JPY	320,000	2,609,465	0.45
Sekisui Jushi	JPY	8,800	120,784	0.02
Shin-Etsu Polymer	JPY	33,100	221,017	0.04
Sony	JPY	37,000	2,600,614	0.45
Sumitomo Mitsui Financial Group	JPY	220,000	5,483,678	0.95
Tachi-S	JPY	43,200	417,785	0.07
Teikoku Sen-I	JPY	26,900	366,239	0.06
Toagosei	JPY	31,600	231,978	0.04
Toei Animation	JPY	6,500	555,852	0.10
Toei	JPY	2,000	270,084	0.05
Token	JPY	4,400	290,363	0.05
Tokio Marine	JPY	77,000	2,559,718	0.44
Tokyo Broadcasting System	JPY	17,400	193,187	0.03
Toppan Forms	JPY	26,800	188,718	0.03

	Currency	Holding at 30 June 21	Fair value £	% of total net assets
Torii Pharmaceutical	JPY	9,700	153,338	0.03
Toyota	JPY	5,100	318,966	0.06
TS Tech	JPY	20,000	223,226	0.04
TV Asahi	JPY	15,900	182,121	0.03
Total Japan equities			42,509,133	7.38
Asia (ex-Japan)				
Weiss Korea Opportunity Fund	GBP	800,000	2,144,000	0.37
Wilmar International	SGD	600,000	1,451,223	0.25
Total Asia (ex-Japan) equities			3,595,223	0.62
Other equities				
Ambev	USD	2,400,000	5,951,847	1.03
Total other equities			5,951,847	1.03
Total equities			238,365,488	41.40
Gold and gold equities 6.62% (30 Jun 20: 11.61%)				
AngloGold Ashanti	USD	120,000,000	1,612,031	0.27
IAmGold	USD	1,200,000	2,550,792	0.44
Ishares Physical Gold	USD	220,000	5,480,912	0.95
Kinross Gold	USD	1,060,000	4,866,604	0.85
LF Ruffer Gold Fund*†	GBP	7,676,617	21,602,768	3.75
Wheaton Precious Metals	USD	65,000	2,070,638	0.36
Total gold and gold equities			38,183,745	6.62
Illiquid strategies and options 7.45% (30 Jun 20: 12.97%)				
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	29,930,171	24,443,760	4.24
Ruffer Protection Strategies International*	GBP	5,935,102	18,488,436	3.21
Total illiquid strategies and options			42,932,196	7.45
Total investments			516,760,500	89.74
Cash and other net current assets			59,090,833	10.26
			575,851,333	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 Financial Statements were authorised for issue on 5 October 2021 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. 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. Among other things, this requires the Company to pay dividends totalling in excess of 85% of any net income that it receives or is deemed to receive for UK tax purposes on an annual basis so that it would qualify as an investment trust if it were UK tax-resident.

Praxis Fund Services Limited (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
Ashe Windham (retired 4 December 2020)
Nicholas Pink (appointed 1 September 2020)

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Independent Auditor
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Investment Manager and Alternative Investment Fund Manager
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Company Secretary and Administrator
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Le Truchot
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Sponsor and broker
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Custodian
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St Peter Port
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Depositary
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Advocates to the Company as to Guernsey law
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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	8.3	7.9
FTSE All-Share TR	1.2	1.0	16.8	13.1	-9.5	19.2	-9.8	12.3	7.5
Twice UK Bank Rate	1.0	1.0	1.0	0.5	1.0	1.5	0.5	0.1	3.8

† From July 2004

‡ To June 2021

Source: Ruffer, Thomson Datastream, FTSE International (FTSE)†. 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. Ruffer LLP is authorised and regulated by the Financial Conduct Authority.

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Alternative performance measures used in the Annual 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.

Year ended 30 June 2021		Total NAV return	Total share price return
Opening NAV/share price per share		245.81p	242.00p
Closing NAV/share price per share	(a)	281.29p	287.00p
Dividends paid	(b)	1.90p	1.90p
Weighted average NAV/share price per share on month end ex-dividend	(c)	259.61p	255.55p
Dividend adjustment factor (d = b/c + 1)	(d)	1.0073	1.0073
Adjusted closing NAV/share price per share (e = a x d)	(e)	283.38p	289.11p
Total NAV/share price return		15.3%	19.5%

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.