

Ruffer Investment Company Limited

An alternative to alternative asset management



January 2021 Issue 188

During January, the share price rose by 1.8% and the NAV fell by 0.1%. This compared with a fall of 0.8% in the FTSE All-Share total return index.

In our December report we opined that the market consensus expected the combination of ongoing fiscal largesse and vaccine-induced economic re-opening would continue to drive another positive year for stocks and a rotation from 'growth' to 'value'. Catalysed by the Georgia senate elections, which seemingly gave US President Joe Biden an unencumbered path to huge further spending, the rotation continued and equity markets reached yet higher all-time highs by the middle of the month. We used this backdrop to take profits in some of our more economically sensitive names preferring more defensive businesses, such as healthcare, in the short term. Over the subsequent two weeks, the reality of 'gray rhinos' (large, known but unaddressed risks) moved back into plain sight. Whilst the vaccines continued to show the efficacy that we had all hoped for, inevitable complications have arisen in their distribution and this called into question the smooth re-opening that markets had begun to price in. Strangely, having botched much of the virus response, the UK is looking to be amongst the world leaders in vaccine distribution. This gives hope for a relatively faster domestic re-opening, even if borders take longer to follow suit.

A weakening US dollar has been one of the drivers behind the performance of equity markets in recent months. If we see a return to US exceptionalism, at least in an economic sense, then this trend might pause. This in part reinforces the increase we made to the US dollar position at the end of 2020 and why we have avoided letting our equity weighting drift higher.

The last week of January saw some extraordinary individual share price action as retail investors ganged up to target individual equities where hedge funds held large short positions. The David and Goliath nature of the story has captured the imagination of the press but taking a step back it reveals some more interesting insights into market dynamics. The appearance of retail investors at the party is often a harbinger of over-exuberant markets and many previous bubbles have coincided with an increase in investors (or should that be speculators) trading on margin – the equivalent here has been the ease of access for retail players to options and other derivative instruments. These events also show that when there is ample liquidity available (cheques dropping through the letterbox) and no way to spend it then geysers will emerge. It is perhaps instructive as to how consumers will behave when lockdown is lifted.

We will be holding our bi-annual shareholder webinar on Wednesday 24 February at 8.30am, where we will focus on investment strategy and outlook. Please [click here](#) or email ruffer@ruffer.co.uk if you would like to register.

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 by investing predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

Performance since launch on 8 July 2004



Performance %	Net Asset Value	Share price	As at 29 January 2021	p
January 2021	-0.1	1.8	Share price	269.00
Year to date	-0.1	1.8	Net Asset Value (NAV) per share	260.36
1 year	16.0	22.3		%
3 years	15.9	16.1	Premium/discount to NAV	3.3
5 years	34.3	38.1	NAV total return since inception ²	231.1
10 years	54.5	49.8	Standard deviation ³	1.88
			Maximum drawdown ³	-8.62

Performance calculated on a total return basis (including reinvestment of income)
²Including 40.0p of dividends ³Monthly data (total return NAV)

12 month performance to December %	2016	2017	2018	2019	2020
RIC NAV total return	12.4	1.6	-6.0	8.4	13.5
FTSE All-Share Total Return	16.8	13.1	-9.5	19.2	-9.8
Twice Bank Rate	0.8	0.6	1.2	1.3	0.4

Source: Ruffer LLP, FTSE International (FTSE) †

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

Ruffer Investment Company Limited as at 29 Jan 2021

Asset allocation



Currency allocation



Asset allocation

Asset Allocation Category	Percentage
Non-UK index-linked	18.5
Cash	11.7
Illiquid strategies and options	10.6
Long-dated index-linked gilts	8.8
Gold and gold equities	7.9
Index-linked gilts	3.0
UK equities	17.4
North America equities	9.4
Japan equities	8.0
Europe equities	3.7
Asia ex-Japan equities	1.1

Currency allocation

Currency Allocation Category	Percentage
Sterling	69.8
US dollar	18.4
Gold	8.0
Yen	1.9
Euro	0.2
Other	1.7

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.2
iShares Physical Gold	1.7
Tesco	1.5
NatWest Group	1.3
Walt Disney	1.3
Royal Dutch Shell	1.2
BP	1.2
Cigna	1.0
Volkswagen	1.0
Centene	1.0

5 largest bond holdings

Stock	% of fund
US Treasury 1.75% TIPS 2028	5.2
UK Treasury index-linked 0.125% 2068	4.7
UK Treasury index-linked 0.375% 2062	4.0
UK Treasury index-linked 1.875% 2022	3.0
US Treasury 0.875% TIPS 2029	2.8

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £470.7m Market capitalisation £486.3m Shares in issue 180,788,416

Company information

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

* Audited at 30 June 2020

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Fund Managers

Hamish Baillie

INVESTMENT DIRECTOR

A graduate of Trinity College Dublin, he joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP and is a director of Ruffer (Channel Islands) Limited. He is a member of the Chartered Institute for Securities & Investment.



Duncan MacInnes

INVESTMENT DIRECTOR

Joined Ruffer in 2012. He graduated from Glasgow University School of Law in 2007 and spent four years working at Barclays Wealth and Barclays Capital in Glasgow, London and Singapore. Duncan is a CFA charterholder.



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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts. The Key Information Document is provided in English and available on request or from www.ruffer.co.uk.

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Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 December 2020, assets managed by the group exceeded £21.0bn.