



Ruffer Investment Company Limited

Investment Manager's Period End Review
for the period ended
31 December 2023 (unaudited)

Contents

Key performance indicators (unaudited)	3
Financial highlights (unaudited)	3
Investment Manager's report (unaudited)	4
Portfolio statement (unaudited)	22
Appendix	27

Key performance indicators

	31 Dec 2023 %	31 Dec 2022 %
Share price total return over 6 months ¹	0.26	4.23
NAV total return per share over 6 months ¹	0.59	4.79
(Discount)/premium of share price to NAV	(3.68)	1.02
Dividends per share over 6 months ²	1.65p	1.25p
Annualised dividend yield ³	1.20	0.80
Annualised NAV total return per share since launch ¹	7.0	7.8
Ongoing charges ratio ⁴	1.08	1.08

Financial highlights

	31 Dec 2023	30 June 2023
Share price	275.00p	276.00p
NAV as calculated on an IFRS basis	£1,094,597,030	£1,092,040,335
NAV as reported to the LSE	£1,095,395,721	£1,096,014,803
Market capitalisation	£1,054,261,351	£1,058,509,029
Number of shares in issue	383,367,764	383,517,764
NAV per share as calculated on an IFRS basis	285.52p	284.74p
NAV per share as reported to the LSE	285.73p	285.78p

- 1 Assumes reinvestment of dividends
- 2 Dividends paid during the period
- 3 Dividends paid during the period divided by closing share price
- 4 Calculated in accordance with AIC guidance

PERFORMANCE TO 31 DECEMBER 2023



Source: RAIFM Ltd, FTSE International, data to 31 December 2023. All figures include reinvested income. Ruffer performance is shown after deduction of all fees and management charges. Performance data is included in the appendix.

Investment Manager's report

Performance review

The NAV TR (net asset value total return) for the six months to 31 December 2023 was 0.6% and the share price total return was 0.3%.

The NAV TR for the calendar year to 31 December 2023 was -6.2% and the share price total return was -10.6%.

The annualised NAV TR since inception of the Company in 2004 is 7.0%, which is in line with UK equities, behind global equities, but with a much lower level of volatility and drawdowns than both.

2023 was a challenging year for the Ruffer strategy and for many active managers. To say that markets climbed a wall of worry would be an understatement. If we went back to 31 December 2022 and a crystal ball told you all that would happen in 2023

- the Federal Reserve and the Bank of England would raise rates above 5%
- quantitative tightening would be ongoing at just shy of \$100 billion per month
- the war in Ukraine would be rumbling on, a new conflict would break out in the Middle East
- China would remain stuck in a self-induced stupor all year
- a banking crisis would hit the US and it would spread across the Atlantic and topple 167-year-old Credit Suisse

It is unlikely you would have predicted the Nasdaq index to be up 43% and the VIX volatility index to be down 43%.

By far the most obvious reason to be bullish was that most investors were bearish. It isn't often that we find ourselves positioned with the consensus, but at the start of 2023 our bearish positioning was not as contrarian as perhaps we thought. Most other investors were also cautious; we underestimated the ability and willingness of market participants to re-risk and re-leverage their portfolios when recession and liquidity risks did not emerge.

Same destination, different journey

There is no hiding from 2023 being a disappointing year, the worst in the history of Ruffer Investment Company – narrowly topping 2018's -6.0% NAV TR. However, zooming out a little does provide some perspective, and shows a more balanced outcome.

Taking 2022 and 2023 together, effectively the beginning of the Fed tightening cycle, the NAV TR of the portfolio is 1.3%. As seen in the chart below, global equities are also slightly positive over two years but with a very different journey which points to the usefulness of Ruffer as an uncorrelated diversifier and volatility dampener to multi-asset portfolios.

RUFFER PERFORMANCE VERSUS GLOBAL EQUITIES



Source: Ruffer Investment Company Limited, Bloomberg, data to December 2023

What's the lesson of the last couple of years? Some would say 'HODL' (hold on for dear life), ignore the noise, have a long time horizon. We take a different lesson. 2022 gave a taste of what the new regime might look like. The illusion of diversification hurt portfolios with stocks and bonds positively correlated whilst falling, many alternatives were just duration in disguise. It's no longer conjecture that conventional portfolios are insufficiently protected and diversified.

2023 made this lesson too easily forgotten. The risk rally of 2023 has given investors the golden ticket, a chance to rebalance and re-orient their portfolios for a future they were ill-prepared for, and to do so at the lofty prices of 2021. In October 2022 what would they have given for that second bite at the cherry? But the question is, have they learned the right lesson?

Performance contributions for 12 months

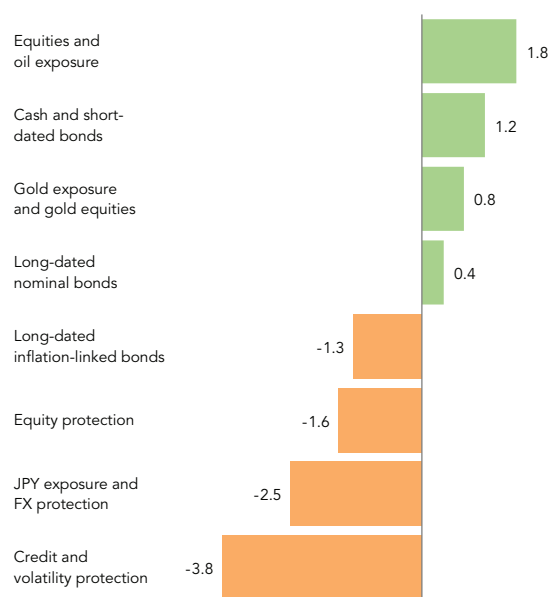
2023 was almost the mirror image of the previous year, with our unconventional protective toolkit going from the key driver to the primary detractor of performance. The largest cost to the portfolio were the credit protections detracting over 3% as, despite credit conditions tightening significantly (as evidenced by the Senior Loan Officer Opinion Survey of bank lending), market borrowing costs fell – meaning assets held to guard against stress in the corporate bond market were not required. The index puts and VIX exposures held within our equity derivatives were also costly, to the tune

of 2%. Long-dated index-linked bonds were a helpful contributor towards the calendar year end as yields fell sharply but suffered over 12 months as inflation-adjusted interest rates continued to rise. The other main detractor was the yen, which we hold in size in anticipation of the removal of zero interest rate policy in Japan, as well as for its protective characteristics in market crises, something that served us so well in 2008. However, in the absence of market stress and with continued dispersion between Bank of Japan and western central bank monetary policy, the yen weakened 12% versus sterling over the period, costing the portfolio 1.8%. The yen now sits at a multi-decade low on several valuation metrics.

In terms of offsets, whilst there, they were insufficient in size (both green and orange bars are evident on the attribution chart), and not focused on the themes that outperformed (almost exclusively US technology giants). However, our equities did contribute 1.8% in aggregate, helped by small holdings in Amazon and Meta.

The mistake in having too little exposure here was compounded by the fact that our other growth assets (primarily commodities) did not behave as we expected and, for much of the period, lost money in the same environment as our protection (they were one of the few asset classes to discount recession risk, not helped by a disappointing China reopening) However, one highlight here was our exposure to uranium (held via Yellow Cake plc which rose 65%), contributing 0.3% to performance as a global supply deficit was revealed.

PERFORMANCE ATTRIBUTION 31 DEC 2022 TO 31 DEC 2023 (12 MONTHS)



Source: Ruffer Investment Company Limited

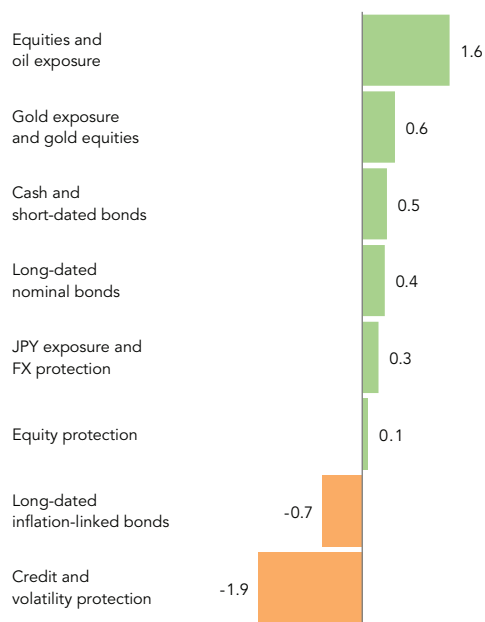
Performance contributions for six months

The performance drivers over the second half of the period look similar to the first; derivative protections dragging as falling yields allowed equity markets to continue their upward march and credit spreads to narrow. One bright spot that allowed the equity derivatives to register as flat over the period were the S&P call options and call spreads purchased in October as a way of tactically increasing the portfolio’s equity exposure. This added 0.6% to performance over six weeks.

Over the six-month period, the long-dated inflation-linked bonds continued to cost the portfolio as yields rose into the autumn. However, we successfully traded long-dated bonds by adding to US 30 year nominal treasuries and ten year inflation-linked treasuries just as yields peaked in October, reducing the exposure (albeit too early) as yields came racing back down. Together this contributed 0.7% to performance. Equities were the single largest contributor in the second half of 2023, as markets ripped higher. Unfortunately, one of the biggest themes within our growth assets, China, failed to participate in the rally.

Oil was one of the largest contributors over the period, adding 0.6%, as geopolitical tensions flared. These events, along with the fall in yields, helped take the gold price to new highs, allowing our exposure to the metal (via both bullion and equities) to add a further 0.6% to performance.

PERFORMANCE ATTRIBUTION 30 JUN 2023 TO 31 DEC 2023 (SIX MONTHS)



Source: Ruffer Investment Company Limited

Portfolio changes

Over the past 12 months, the portfolio has endured a lot of pain, we've made some mistakes, and a few times it has felt like things haven't gone our way. Crucially, our philosophy of aiming to protect and grow capital in all market conditions remains unchanged, and we think the set-up for our portfolio from here is attractive.

It remains our belief that tighter liquidity conditions and the full impact of higher rates present a significant risk to markets. To prepare the portfolio for this, and whilst the immediate environment remains benign, we have taken the opportunity to reduce risk in the portfolio and trimmed our duration exposure, taking US TIPS holding down to zero in December. As a result, the portfolio's duration has halved from its recent peak of around seven years in October.

Alongside the bond sales, we have sold our remaining gold bullion exposure and rotated into what we see as cheaper expressions of duration, such as defensive, high-yielding equities and additional exposure to the yen (the latter via derivatives).

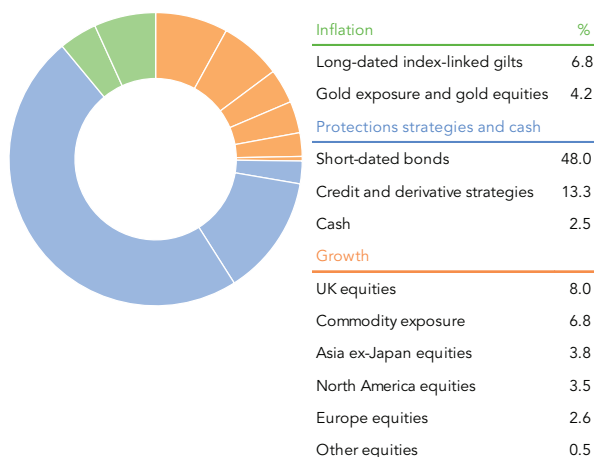
Within our unconventional protective strategies, over the last six months we have reintroduced VIX call options, given the subdued levels of equity market volatility despite the macroeconomic conditions. If liquidity conditions and the economy do deteriorate, these positions, alongside the credit protection, should appreciate sharply. There were glimmers of this in December, as a small but sharp one-day sell-off in the S&P saw the VIX index spike 12% intraday.

The portfolio holds over 20% across equities and commodities, which should benefit from a broader market rally and further economic strength, supported by the remaining fixed income positions and gold equities, which should rise in value if yields fall further. We have maintained the portfolio's commodity exposure, expressed primarily through oil and copper ETC holdings, throughout the year, taking profits in the oil position in September.

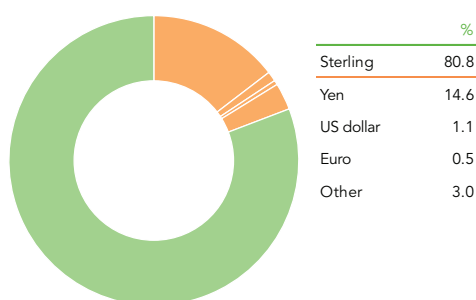
In December we added to BP on price weakness, as an attractive way to get additional exposure to oil, given the recent share price fall and an attractive 5% dividend yield. Elsewhere on the equity front, alongside additions to the more defensive names, in November we added to our beleaguered China exposure where the authorities are coming under greater pressure to provide support. We would expect this part of the portfolio to perform on any stimulus news or further surprises to the upside in growth.

As a result of these changes, portfolio balance is much more secure – evident in recent months as markets rallied and the portfolio delivered a positive return, despite its defensive positioning.

ASSET ALLOCATION



CURRENCY ALLOCATION



Source: Ruffer Investment Company Limited, as at December 2023.
Totals may not equal 100% due to rounding.

- 1 In green, assets to protect against the long-term inflation volatility we expect, including inflation-linked bonds and gold
- 2 In blue, we have a large position in short-dated bonds and cash to provide dry powder and positive carry. Alongside, a potent allocation to derivative protections to address the risk of a sharp market decline if liquidity dries up and/or a recession strikes as rates really bite
- 3 Last but not least, we are always asking ourselves ‘what if we’re wrong’ to try and identify the right offsets to achieve portfolio balance. So, in orange we hold a range of equities and commodities to profit from a broader market rally and continued economic strength if no recession emerges

Investment outlook

Challenging market certainties

‘It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so.’

Nobody knows what is going to happen next for the market and the global economy.

Our job at Ruffer is to assess the macroeconomic, geopolitical and market landscapes and attempt to identify the risks and opportunities, the things that might happen. The next step is to look at what is priced into asset markets and then, and only then, decide how much risk to take.

When we survey the landscape today, we see elevated macro uncertainty and fragile, avalanche-prone and expensive markets. This is a dangerous combination and we think risk taking will be poorly compensated over the full cycle.

In contrast, one can infer from the pricing in markets today that participants, in aggregate, appear certain that inflation has been conquered, recession avoided, and therefore markets' 2023 ebullience was justified.

We think this newfound confidence is what the market knows for sure that just ain't so.

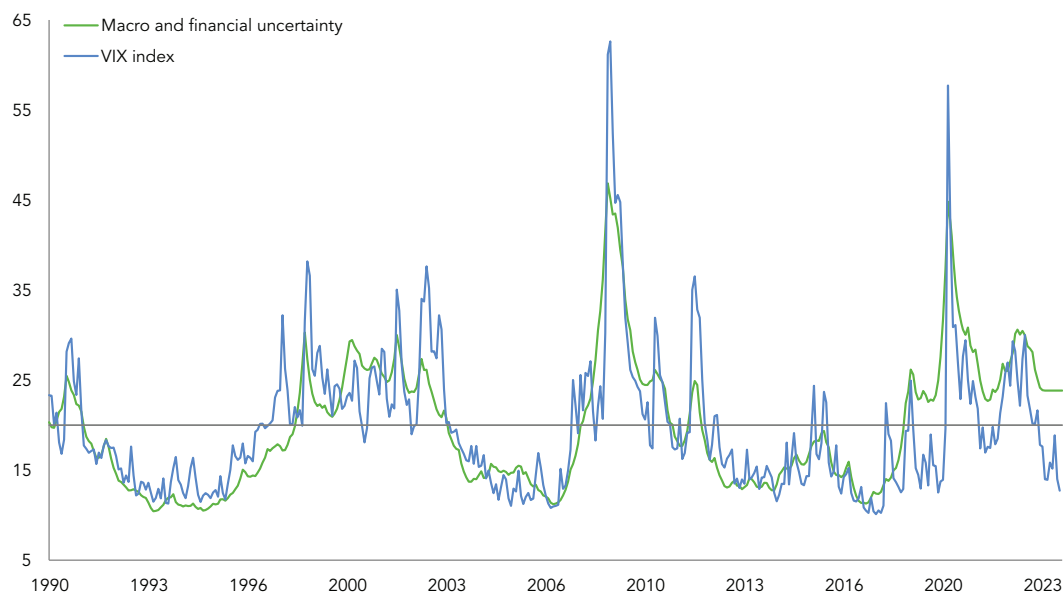
Cake-ism is the false belief that one can enjoy the benefits of two choices that are in fact mutually exclusive. The desire to have one's cake and eat it. We are taking the other side of these perceived market certainties. We doubt that 2024 pans out with an immaculate disinflation, no recession, the six fed rate cuts currently priced in and 11% earnings growth. Even if that does happen, markets are already priced for it, so why take the risk?

The absence of fear

As volatility ground lower in 2023 it has encouraged greater risk taking in markets. Risk parity, vol-controlled and leveraged strategies, cumulatively controlling trillions of assets, gear up in low volatility environments. Low volatility is also illustrative of investors having an absence of fear, or increased certainty. This creates an exciting opportunity.

One indicator we use (below) demonstrates that despite all the macro uncertainty, volatility is extremely cheap. This allows us to acquire significant amounts of protection at low cost and with exceptional asymmetry should market stress return.

A DISCONNECT BETWEEN VOLATILITY AND UNCERTAINTY



Source: Bloomberg, Ruffer representative portfolio to December 2023. The model compares actual versus predicted VIX levels based on a two-variable model comprising S Ludvigson's macro and financial uncertainty indices. These academic models take macro data like unemployment, inflation, economic indicators, and corporate earnings to produce estimates of uncertainty.

Recession?

If there is a single story that defined 2023 it was the Fed's ability to advance their disinflation ambitions whilst avoiding recession and sustaining a 'no-landing' trajectory on US growth expectations.

Clearly, whilst our concerns around a recession were early, it remains too soon to say they are wrong. The picture is mixed – contrasting different sectors of the economy and market-related signals. Interest rate-sensitive sectors, such as commercial real estate, venture financing and banking have been very weak. Liquidity was being sucked from markets via quantitative tightening (QT), until the banking crisis in March begat an emergency reprieve. Market signals like the inverted yield curve, lending standards and the conference board leading indicators continue to flash warning signals – we are not out of the woods yet.

However, at the same time, we must acknowledge the consumer is strong and the jobs market appears impervious. As mentioned above, fiscal stimulus and liquidity provision ended up being more positive than we foresaw – temporarily, we think, forestalling any slowdown. The Biden administration will be keen to maintain the momentum through to the November 2024 election.

This is inflation volatility

It is important to consider that the journey from high growth and inflation towards recession and deflation must first pass through a period of disinflation and decelerating growth that looks like a soft landing. In fact, most recessions begin looking like soft landings.

For several years Ruffer commentary has been warning that the new regime will be one of inflation volatility. That means periods of higher inflation like we saw in 2021 and 2022; but it also means periods of aggressive disinflation and perhaps outright deflation. At this moment, it is impossible to distinguish whether we are experiencing a 'normalisation' back to the world of low inflation, or just the disinflationary leg of another inflationary oscillation. The inflationary journey of the 1970s was characterised by waves – inflation first, followed by premature celebration that inflation had been slain, followed by an inflationary relapse and crisis.

These oscillations are uncomfortable, even if expected, often meaning an inflation-protected portfolio looks wrong. This was the experience of 2023.

Pivot?

Did Fed Chair Powell's mid-December 'pivot' change everything? He suggested the battle against inflation was won, the Fed could refocus upon full employment and financial stability, and that the debate was now about how many cuts could be achieved in 2024.

This would be the soft landing, the immaculate disinflation – a triumph of modern central banking and communication policy. Markets didn't need to be told twice and rallied strongly.

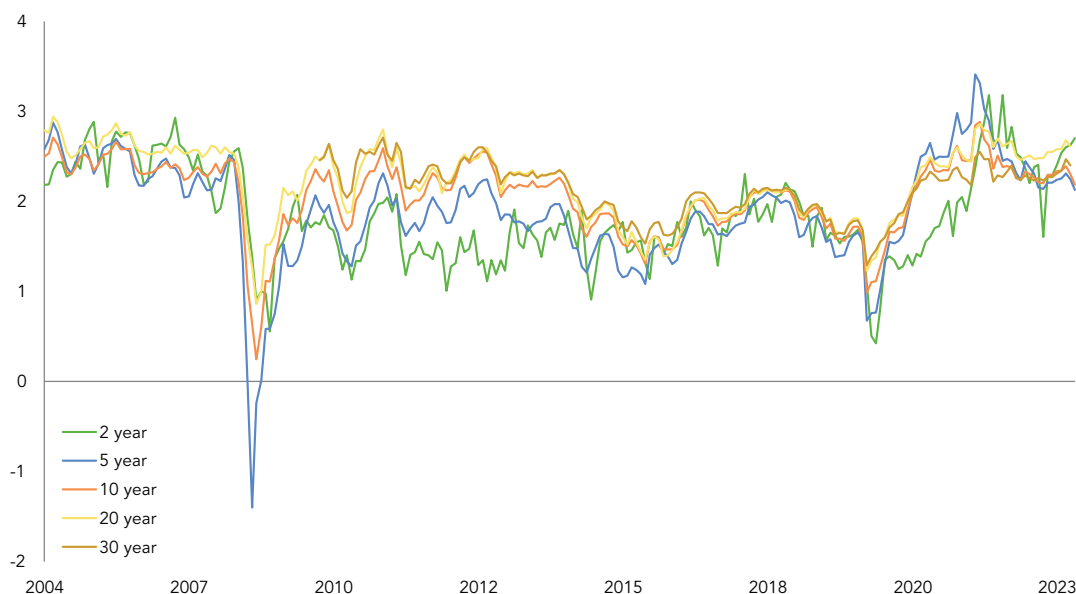
But surely the easing of financial conditions and the surge in asset prices in the second half of 2023 will lead to stronger growth, positive wealth effects, and 'stickier' inflation?

Why would the Fed cut interest rates with unemployment at 50-year lows, stock markets at all time highs and nominal GDP humming along at 5%? Particularly thorny would be the issue of cutting in an election year, leaving themselves open to accusations of politicisation?

If the Fed declares 'mission accomplished', while most underlying inflation measures are only just reaching the 3-4% range, and the US economy shows no signs of major weakness, this could be interpreted as effectively abandoning the 2% definition of 'price stability'.

What if, without explicitly saying so, the Fed just moved the target? This is a risk that is not remotely priced into markets and remains a key reason for long term inflation protection.

US BREAKEVEN RATE, %



Source: St Louis Fed. FRED, data to December 2023

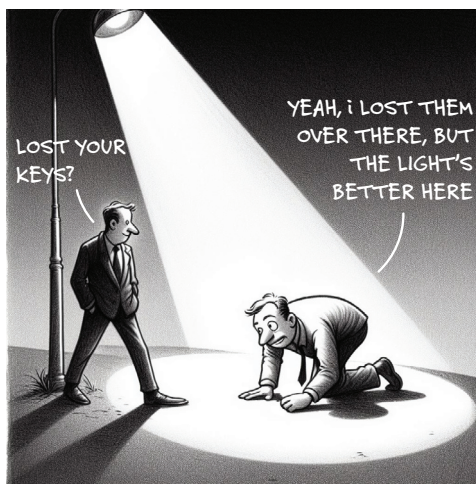
As can be seen on the chart, over any period, the market remains sanguine that inflation will be in line with the Fed target of 2%. This is a failure of imagination by market participants to conceive of a world where these goal posts get moved. This is a sign of excessive faith in central bankers who do not fully control their own destiny in a highly politicised environment. It is also the opportunity; if the market were to sniff this out, it would be hugely bullish for gold and inflation-linked bonds.

Inflation is the biggest threat to asset prices

The most important thing, that gets the least attention, is how and why inflation matters to your portfolio.

It matters because it doesn't just change which assets perform best, it changes the way the assets in your portfolio relate to one another. The assumptions around correlations and diversifications our industry makes are mostly based on the last 30 years, not because that's where the insight is, because that's where the data is.

However, those thirty years are effectively one regime of low and stable inflation – it isn't much of a sample.

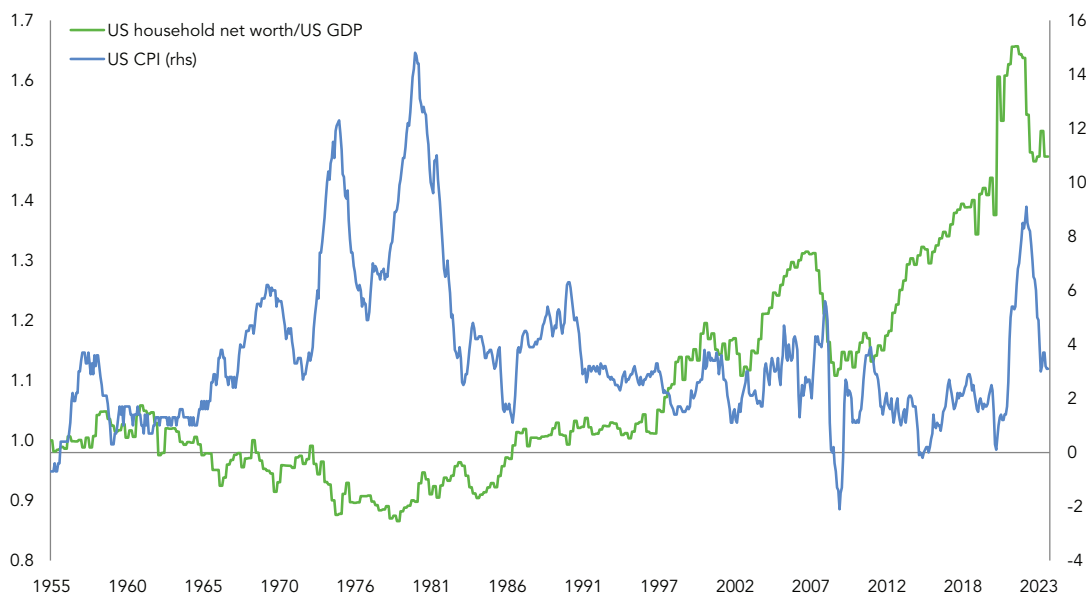


Asset correlations are regime-dependent and a new regime equals new correlations. As stated earlier, 2022 was the lesson in this, but 2023 makes it too easily forgotten.

There remains the possibility of the ‘immaculate disinflation’ or the ‘beautiful deleveraging’ as we have occasionally seen in previous cycles. However, it strikes us as unlikely the economy can return to the way it functioned pre-covid. Through all the distortions associated with the pandemic, Cold War II and the war in Ukraine, there has been a permanent rewiring of the global economy – across supply chains, commodity and labour markets, and geopolitics. Labour disputes, deglobalisation, the energy transition, re-shoring and ‘just in case’, over ‘just in time’ are not going away.

If inflation is likely to be a more permanent feature, and remember the market currently ascribes this a near zero probability, then it changes the way assets are priced. This chart demonstrates that when inflation is higher household net worth, as a proxy for asset prices, shrinks relative to GDP. Inflation is an attack on financial assets.

A HOT ECONOMY = A COLD MARKET



Source: Bloomberg, data to December 2023

In an inflationary world, real assets like commodities will dominate financial assets.

Commodities

We view commodities as a key portfolio allocation for the new regime. Across oil, copper, gold, uranium, and industry equities, commodity exposure makes up almost 15% of the portfolio. We expect this to be a long-term allocation – the size and shape of which will flex, tactically. In his previous role, our Head of Investment Strategy, Teun Draaisma, [contributed to a study](#) which documented commodities are a superior asset class in inflationary times. His work demonstrates that during inflationary periods commodities should provide strong returns, but also useful correlation benefits to a portfolio.

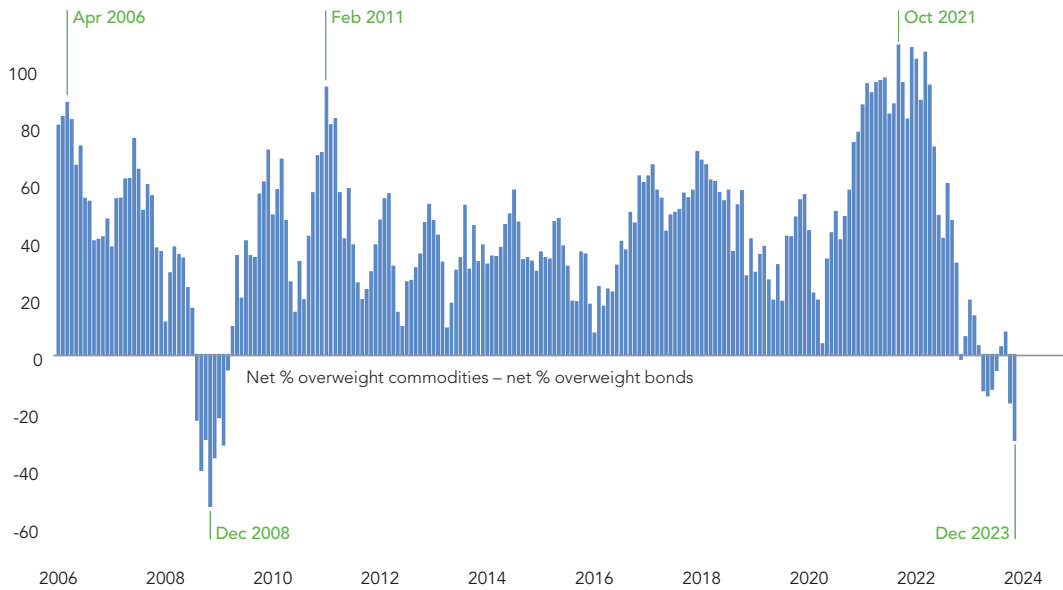
The secular demand case is clear, the world requires a global capex boom. The list is endless; upgrading ageing developed world infrastructure, the global energy transition, building a new electric grid, giving emerging markets access to air conditioning, clean water, and vehicles. All these desirable outcomes will require vast quantities of raw materials to be used between here and there.

Supply on the other hand remains constrained. These industries have a long history of squandering shareholder capital – as the old saying goes, a gold mine is a hole in the ground with a liar standing over it. Despite current high profitability, capital remains scarce due to the pressures of reduced bank financing and investor support because of ESG pressures. From a capital cycle perspective, we have not seen the rush of capital that we might expect given the returns on offer.

Despite strong returns in 2022, commodities flopped in the disinflation of 2023. This gives an attractive tactical setup should we avoid recession in 2024. From this perspective, in the shorter term, commodities can act as an offsetting asset to our core view.

As demonstrated in the chart below, investors are structurally and tactically underweight commodities right at the time they might prove most useful. Commodity assets that have been shunned or ignored by investors may represent a ‘heads I win, tails I don’t lose (very much)’.

MOST UW COMMODITIES VERSUS BONDS SINCE MARCH 2009



Source: BofA Global Fund Manager Survey, BofA Global Research

Oil

In the December 2021 Interim Report we observed that oil was Homer Simpson’s investment idea. His great insight was that beer is the cause of, and solution to, all of life’s problems. We suggested oil was the cause of, and solution to, all your portfolio problems. Having round-tripped back to \$70 per barrel, versus a Ukraine War peak of \$123, we think this ‘each way bet’ characteristic has returned and have around 6% exposure via both physical and equity holdings.

The portfolio role is clear, oil acts as a useful protection – a crisis hedge, an inflation hedge and a war hedge. The vulnerability to shocks has increased as the US has run down the Strategic Petroleum Reserve. The OPEC+ group of countries is also highly motivated to maintain high oil prices (above \$75) by cutting output if faced with weak prices as they spend on ambitious domestic growth projects to diversify their economies away from energy. However, on the other hand, oil also benefits from robust economic growth and from fiscal stimulus. The equities offer double-digit free cash flow yields at current, arguably depressed, oil prices. BP is the biggest equity holding in the portfolio at 1.6%.

BP OFFERS COMPELLING VALUE



Source: Bloomberg, data to December 2023

Gold

Gold has been held in the Ruffer portfolio, in some form or size, since inception.

Gold's recent performance seems to have frustrated bulls and bears alike. The bulls wish it had run harder during war and 40 year highs on realised inflation. The bears point to the surge in real interest rates which would point at a price closer to \$1,500 than \$2,000 and question a \$500 geopolitical risk premium. Despite this, gold sits at all-time highs in every currency in the world apart from US dollars. Few appreciate that gold price performance is roughly in line with the global equities (ex dividends) over three, five and seven years. If one was to build a one-asset portfolio for the coming decade – gold would surely be in the conversation?

Despite strong, uncorrelated performance, investor interest remains low as proxied by the holdings in ETFs dwindling in this latest bull market. Crypto has offered a shiny distraction and interest rate rises have increased the opportunity cost.

INVESTOR DEMAND CONTINUES TO FALL



Source: Bloomberg, GlobalData TS Lombard

The buying of physical gold is coming from global central banks and HNWs – consistently, relentlessly and price-insensitively since the confiscation of Russian assets in the western banking system in March 2022.

Although not the focus of central bank buying, at current gold prices the mining companies offer compelling value and asymmetry. On a variety of metrics – price to NAV, EV to ounces in the ground, price to cash flow – the industry is as attractive as it has been in at least a decade. Balance sheets are strong. Despite decent performance in 2023, the entire gold mining sector market capitalisation is smaller than Home Depot, the US DIY retailer. Few things are certain in the mining industry, but one can confidently assert that if the gold price stays anywhere near \$2,000 then the gold miners should offer highly attractive returns. We have a 4.2% weighting here.

The outlook for equities

After a bumper 2023, equities have reclaimed all the lost ground of 2022 to be around flat after two years. Is this the start of a major bull market? We would contend that bull markets tend not to start with full employment, earnings at record highs, a PE multiple of 20x and 40% nominal growth in the economy since the last recession – these are data points coincident with the end of

cycles, not the beginning. The market exited 2023 on valuation levels that have only been sustainably eclipsed during the tech bubble.

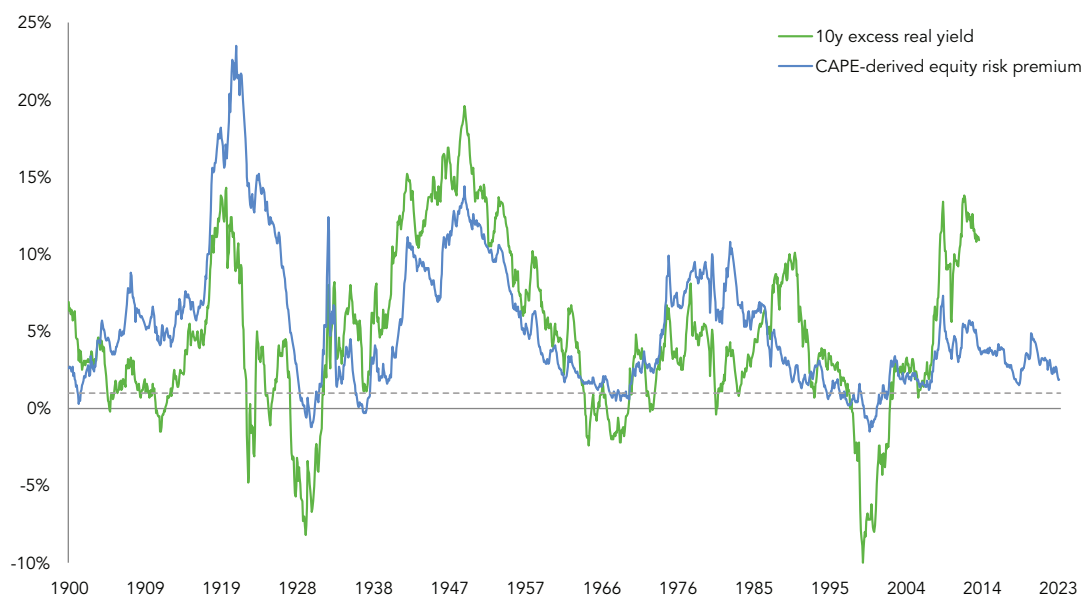
Cake-ism is rife in equity land, the bull thesis for 2024 is

- the economy will slow, but not too much.
- that will be sufficient to bring inflation down to 2%.
- despite the economy slowing and inflation coming down, earnings growth will be 11% and sales growth will be 5%. Sales and earnings are nominal numbers – they benefit from inflation.
- despite asset prices, earnings and the economy all doing well, the Fed will cut 150bps
- the price/earnings multiple will stay in the high teens or low twenties
- therefore, stocks are attractive relative to 5.2% on T-Bills

Whilst the above is possible, it appears a rather fragile set of circumstances to rely upon as the bedrock of your portfolio. Particularly when there are reasonable nominal and real returns available on risk-free assets.

The longer-term outlook is also bleak from this starting point. The chart below demonstrates the equity risk premium in the US is dangerously compressed.

EQUITY RISK PREMIUM



Source: Shiller, Bloomberg, Ruffer analysis. CAPE-derived Equity Risk Premium (Shiller) is CAEY (10y treasury (nominal) CPI CAGR (using 10y average)). The Ruffer version of the ERP (2001-) uses 10y TIPS-derived rates as opposed to the Shiller proxy described above, data to November 2023

To find similar levels of overvaluation you need to look back to some inauspicious moments in history – the peak of the dot.com bubble, 1966 or before the Great Crash in 1929.

A low equity risk premium does not necessarily mean markets are going to fall tomorrow, but what it does mean is that if you are buying US equities today, which make up around two thirds of global benchmarks, you are not being rewarded for the risk you are taking. Expected returns are low, the risk of large drawdowns is high. The same is true in credit markets. We would expect these assets to offer poor Sharpe ratios from here and expect to be opportunistically short through 2024.

However, it is worth noting that there are areas where risk premiums are elevated and may be worth taking on. Examples include the UK, commodities, Japan and the closed-ended fund space. But the question is whether these areas can perform despite recession risks and if the US market is weaker?

Summary

After strong performance through covid and the post-covid period, the portfolio has faced headwinds in 2023. However, after considerable introspection, we are energised by what we see ahead of us.

The last time our portfolio felt as poised for relative and absolute outperformance was the summer of 2021. We were positioned for a new inflation regime, that inflation was not transitory, that value stocks and commodities would make a comeback, conventional portfolios had an illusion of diversification – and few wanted to hear it. That was a great setup for Ruffer to significantly outperform equities and conventional portfolios in 2022.

Today, markets have deemed 2022 a transitory bad dream and we are reverting to the world that existed, and dominated, the careers of everyone currently operating in financial markets. A world of low and stable inflation, where deflation is the predominant threat, a world of growth and geopolitical stability, where risk premiums can be low and asset prices are high. This is the certainty we challenge.

Longer term we continue to believe structural changes to the global economy are likely to create a more inflation-prone and volatile environment, whilst the unsustainable debt dynamics of governments push us closer to financial repression. If inflation proves sticky in 2024 and the Fed cuts rates too soon, we expect to see inflation expectations adjust upwards – an environment in which our long-dated inflation-linked bonds, along with our gold equities, would benefit. The biggest difference versus 12 months ago is that none of this is now priced in.

In sum, we have very differentiated positioning to protect against and prosper from the various scenarios we see, and the portfolio today holds powerful offsets which are now even cheaper and more interesting than they were a year ago. This gives investors a golden opportunity, we have seen what inflation volatility can do to portfolios and now we have a second chance to prepare. A second bite at the cherry.

Portfolio statement

as at 30 June 2023 (unaudited)

	Currency	Holding at 31 Dec 23	Fair value £	% of total net assets
Government bonds 54.83%				
(30 Jun 23: 53.28%)				
Long-dated index-linked gilts				
UK index-linked gilt 0.375% 22/03/2062	GBP	10,744,368	14,205,609	1.30
UK index-linked gilt 0.125% 22/11/2065	GBP	11,000,000	11,882,141	1.09
UK index-linked gilt 0.125% 22/03/2068	GBP	20,020,000	22,551,492	2.06
UK index-linked gilt 0.125% 22/03/2073	GBP	26,700,000	26,012,943	2.38
Total long-dated index-linked gilts			74,652,185	6.83
Short-dated bonds				
Japan 0.005% 01/04/2024	JPY	5,000,000,000	27,856,892	2.55
Japan 0.005% 01/05/2024	JPY	5,000,000,000	27,858,563	2.55
Japan 0.005% 01/06/2024	JPY	5,000,000,000	27,861,347	2.55
Japan 0.005% 01/07/2024	JPY	4,000,000,000	22,289,524	2.04
Japan 0.005% 01/08/2024	JPY	4,300,000,000	23,961,238	2.18
Japan 0.005% 01/01/2025	JPY	5,426,400,000	30,232,226	2.75
UK gilt 0.25% 31/01/2025	GBP	22,949,000	21,958,980	2.01
UK gilt 2.00% 07/09/2025	GBP	15,000,000	14,539,350	1.33
US Treasury floating rate bond 31/07/2024	USD	64,609,500	50,710,667	4.63
US Treasury floating rate bond 31/10/2024	USD	64,644,200	50,740,949	4.63
US Treasury floating rate bond 31/01/2025	USD	76,342,700	59,949,198	5.48
US Treasury floating rate bond 30/04/2025	USD	67,414,900	52,902,506	4.83
US Treasury floating rate bond 31/07/2025	USD	69,614,000	54,584,463	4.99
US Treasury floating rate bond 31/10/2025	USD	76,496,600	59,985,929	5.48
Total short-dated bonds			525,431,832	48.00
Total government bonds			600,084,017	54.83

	Currency	Holding at 31 Dec 23	Fair value £	% of total net assets
Equities 18.40%				
(30 Jun 23: 13.57%)				
Europe				
Accor	EUR	21,100	632,726	0.06
AIB	EUR	462,800	1,555,907	0.14
Arcelormittal	EUR	144,081	3,206,380	0.30
Banco Santander	EUR	382,850	1,254,261	0.11
Bank of Ireland	EUR	218,800	1,558,820	0.14
Bayer	EUR	115,579	3,376,511	0.32
Dassault Aviation	EUR	7,700	1,196,220	0.11
Grifols	EUR	35,480	475,220	0.04
Grifols ADR	USD	66,561	604,387	0.06
Groupe Bruxelles Lambert	EUR	20,800	1,283,523	0.12
Groupe Danone	EUR	34,400	1,749,077	0.16
Hellenic Telecom	EUR	43,650	485,883	0.04
JDE Peet's	EUR	52,000	1,098,153	0.10
Orange	EUR	114,000	1,018,341	0.09
Prosegur Cash	EUR	720,973	335,641	0.03
Roche	CHF	7,400	1,688,064	0.15
Ryanair ADR	USD	26,800	2,807,569	0.26
Vallourec	EUR	187,127	2,274,400	0.21
Vivendi	EUR	162,900	1,365,903	0.12
Total Europe equities			27,966,986	2.56

	Currency	Holding at 31 Dec 23	Fair value £	% of total net assets
United Kingdom				
Aberforth Smaller Companies	GBP	270,000	3,720,600	0.34
Admiral	GBP	93,875	2,519,605	0.23
BAE Systems	GBP	153,000	1,699,065	0.16
Balfour Beatty	GBP	294,430	975,152	0.09
Beazley	GBP	299,700	1,562,935	0.14
BP	GBP	3,735,600	17,415,367	1.59
British American Tobacco	GBP	72,000	1,652,040	0.15
Castings	GBP	750,000	2,640,000	0.24
Conduit	GBP	262,960	1,231,968	0.11
Deliveroo	GBP	349,045	445,381	0.04
GlaxoSmithkline	GBP	91,500	1,326,933	0.12
Glencore	GBP	691,356	3,263,892	0.30
Grit Real Estate	GBP	3,743,544	748,709	0.07
Hipgnosis Songs Fund	GBP	5,500,000	3,960,000	0.36
Jet2	GBP	124,200	1,551,258	0.14
Marks & Spencer	GBP	636,330	1,733,363	0.16
PRS REIT	GBP	2,600,000	2,241,200	0.20
Reckitt Benckise	GBP	28,500	1,544,700	0.14
Renn Universal Growth Trust	GBP	937,500	0	0.00
Rolls-Royce Holdings	GBP	736,255	2,203,611	0.20
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	8,812,245	21,763,602	1.99
Science Group	GBP	347,530	1,341,466	0.12
Taylor Maritime Investments	GBP	5,000,000	3,330,000	0.30
Trident Royalties	GBP	7,557,947	2,418,543	0.22
Tufton Oceanic Assets	USD	2,562,500	1,952,419	0.18
Unilever	GBP	115,651	4,394,160	0.40
Vodafone	GBP	561,600	385,258	0.04
Total UK equities			88,021,227	8.03

	Currency	Holding at 31 Dec 23	Fair value £	% of total net assets
North America				
Amazon	USD	31,159	3,766,455	0.34
Bank of America	USD	36,500	965,038	0.09
Capri	USD	18,800	741,899	0.07
Cigna	USD	13,933	3,277,883	0.30
Citigroup	USD	41,800	1,689,599	0.15
Coty A	USD	246,500	2,402,847	0.22
East West Banking	USD	29,500	1,666,515	0.15
Exxon Mobil	USD	15,800	1,240,817	0.11
General Electric	USD	19,500	1,954,748	0.18
General Motors	USD	79,190	2,233,692	0.20
Jackson Financial	USD	55,325	2,222,821	0.20
Kenvue	USD	113,600	1,920,251	0.18
M & T Bank	USD	5,000	538,135	0.05
Meta Platforms	USD	2,960	822,946	0.08
Noble	USD	19,700	745,075	0.07
NOV	USD	123,100	1,960,936	0.18
Pfizer	USD	165,491	3,741,129	0.34
Pioneer Natural	USD	20,000	3,534,836	0.32
PNC Financial	USD	8,900	1,082,807	0.10
Suncorp	CAD	59,791	1,504,078	0.14
Total North America equities			38,012,507	3.47
Asia (ex-Japan)				
Alibaba Group ADR	USD	185,438	11,288,544	1.03
Citic Securities	HKD	1,700,000	2,721,395	0.25
iShares MSCI China	USD	3,650,000	11,780,575	1.08
Swire Pacific	HKD	1,050,000	6,963,117	0.63
Taiwan Semiconductor Manufacturing	USD	110,000	8,981,620	0.82
Total Asia (ex-Japan) equities			41,735,251	3.81

	Currency	Holding at 31 Dec 23	Fair value £	% of total net assets
Other equities				
AMBEV ADR	USD	2,617,744	5,757,351	0.53
Total other equities			5,757,351	0.53
Total equities			201,493,322	18.40
Commodity exposure 6.85%				
(30 Jun 23: 8.10%)				
Wisdomtree Brent crude oil	USD	1,200,000	44,178,776	4.04
Wisdomtree copper	USD	800,201	21,823,092	1.99
Yellow Cake	GBP	1,461,000	9,021,675	0.82
Total commodity exposure			75,023,543	6.85
Gold exposure and gold equities 4.19%				
(30 Jun 23: 5.02%)				
Agnico Eagle Mining	USD	100,000	4,307,596	0.39
Barrick Gold	USD	374,000	5,311,382	0.49
LF Ruffer Gold Fund*	GBP	11,158,837	31,340,988	2.86
Newmont	USD	150,000	4,875,501	0.45
Total gold exposure and gold equities			45,835,467	4.19
Credit and derivative strategies 13.27%				
(30 Jun 23: 14.84%)				
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	110,392,473	71,565,564	6.54
Ruffer Protection Strategies*	GBP	9,334,953	73,629,632	6.73
Total credit and derivative strategies			145,195,196	13.27
Total investments			1,067,631,545	97.54
Cash and other net current assets			26,965,485	2.46
			1,094,597,030	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 and Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.

Appendix

Regulatory performance data

To 31 Dec %	†2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
RIC NAV TR	8.9	14.0	0.1	6.0	23.8	15.1	16.5	0.7	3.4	9.5	1.8
FTSE All-Share TR	12.3	22.0	16.8	5.3	-29.9	30.1	14.5	-3.5	12.3	20.8	1.2
Twice UK Bank Rate	9.9	9.4	11.0	11.2	3.4	1.0	1.0	1.0	9.9	1.0	1.0
FTSE All-World	9.5	24.9	7.2	10.8	-19.4	21.2	16.7	-6.6	12.0	21.0	11.3
Bloomberg Global Agg	5.0	5.8	3.3	5.8	7.6	5.3	4.8	5.8	5.9	0.0	7.9
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annualised	
	-1.0	12.4	1.6	-6.0	8.4	13.5	11.4	8.0	-6.2		7.0
	1.0	16.8	13.1	-9.5	19.2	-9.8	18.3	0.3	7.9		7.1
	1.0	1.0	0.5	1.0	1.5	0.5	0.2	3.0	9.5		3.5
	4.0	29.6	13.8	-3.4	22.3	13.0	20.0	-7.3	15.7		10.4
	1.4	3.7	1.9	0.1	6.5	5.0	-1.5	-12.2	6.2		3.4

† From July 2004

Source: Ruffer, Bloomberg, FTSE International. 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. This document is issued by Ruffer AIFM Limited (RAIFM), 80 Victoria Street, London SW1E 5JL. Ruffer LLP and Ruffer AIFM Limited are authorised and regulated by the Financial Conduct Authority. Ruffer AIFM is a wholly owned subsidiary of Ruffer LLP. © RAIFM 2024 © Ruffer LLP 2024.

This document, and any statements accompanying it, are for information only and are not intended to be legally binding. Unless otherwise agreed in writing, our investment management agreement, in the form entered into, constitutes the entire agreement between Ruffer and its clients, and supersedes all previous assurances, warranties and representations, whether written or oral, relating to the services which Ruffer provides.

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of RAIFM at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. RAIFM has not considered the suitability of this investment against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The portfolio data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in this product. 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 ruffer.co.uk.

FTSE International Limited (FTSE) © FTSE 2024. FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.