

# Ruffer Investment Company Limited

An alternative to alternative asset management



April 2019 Issue 167

During April, the net asset value of the Company rose by 0.7%. This compares with a rise of 2.7% in the FTSE All-Share index.

Within the portfolio, positive contributions came from our equities, which outperformed the market, but gains were tempered by our defensive assets with index-linked bonds, gold and unconventional protections all down. Does it feel like we have been here before? In testament to the extreme brevity of financial memory, after two near-calamities in February and December of 2018, investors have been persuaded the environment is ripe for risk-taking and stock markets have pushed back towards all-time highs.

As we discussed last month, the volte-face from the Federal Reserve on interest rates may have materially changed things in the short run. We see their actions as a promise, not just to refrain from taking away the punch bowl, but also to proactively encourage investors to party a little harder. Additionally, it is plausible that good news on US/China trade relations or Brexit could give further impetus to the rally. Lastly, the political debate in the US is gravitating towards highly stimulative policies such as modern monetary theory and job guarantee schemes. In response, we have let our equity weighting drift up to above 40% whilst the sun is shining.

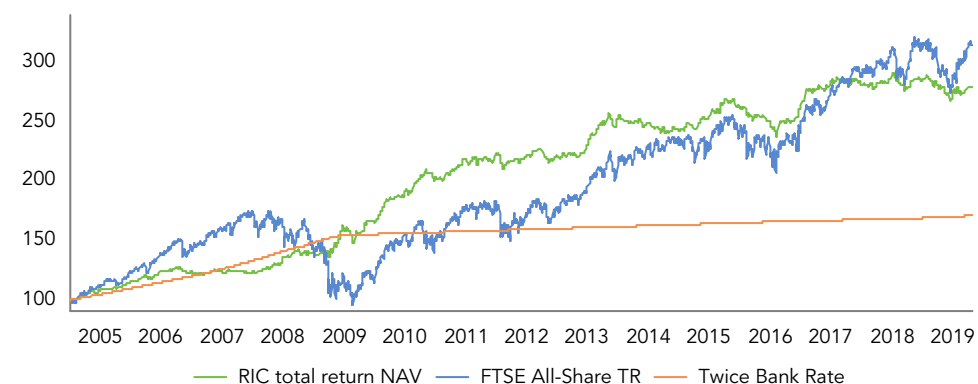
This environment has buoyed risk taking and encouraged complacency: volatility selling is back, credit spreads have been crushed, currency markets are somnambulant and \$10 trillion of bonds trade on negative yields. The equities which are working are the ones playing the games which define this particular cycle: the FANGs (Facebook, Amazon, Netflix, Google), technology and those favouring corporate finance solutions such as buybacks or acquisitions over capital expenditure and investment. In a sign of the times, we are seeing a flurry of tech unicorns come to market – Uber, Lyft, WeWork, Airbnb, Pinterest and more. These businesses are ubiquitous and some have even reached the status of verbs, yet the simple concept of a profit eludes them. In a world where growth is scarce, the hope of any growth draws in capital, irrespective of its quality.

Our largest equity holding is Walt Disney, which rose 23% over the course of the month (adding 0.6%) after a highly publicised investor day. Disney is the world's largest media company and seeks to monetise its characters and unrivalled content library through movies, consumer products and theme parks. The acquisition of 21st Century Fox broadens and deepens this unique pool of intellectual property. The newly announced direct to consumer streaming service, Disney+, looks like a competitor to Netflix, but on a fraction of the valuation. As investors start to use their imagination and consider how big, profitable and advantageous Disney+ might become, we expect the stock to continue to do well.

## 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 %	April 2019	Year to date	1 year	3 years	5 years	10 years
Total return NAV	0.7	3.8	-1.0	11.5	16.2	76.2
Share price TR <sup>1</sup>	-1.0	2.6	-5.5	8.3	12.6	68.6

<sup>1</sup>Assumes re-investment of dividends

Percentage growth in total return NAV	%	As at 30 April 2019	p
31 Mar 2018 – 31 Mar 2019	-0.6	Share price	212.00
31 Mar 2017 – 31 Mar 2018	-1.4	Net Asset Value (NAV) per share	222.57
			%
31 Mar 2016 – 31 Mar 2017	12.8	Premium/discount to NAV	-4.8
31 Mar 2015 – 31 Mar 2016	-4.9	NAV total return since inception <sup>2</sup>	179.7
31 Mar 2014 – 31 Mar 2015	8.6	Standard deviation <sup>3</sup>	1.84
		Maximum drawdown <sup>3</sup>	-8.62

Source: Ruffer LLP, FTSE International (FTSE) †

<sup>2</sup>Including 37.2p of dividends <sup>3</sup>Monthly data (total return NAV)

# Ruffer Investment Company Limited as at 30 Apr 2019

## Asset allocation



### Asset allocation %

● Long-dated index-linked gilts	13.2
● Short-dated bonds	12.2
● Non-UK index-linked	12.1
● Illiquid strategies and options	7.9
● Gold and gold equities	6.5
● Cash	5.2
● Index-linked gilts	0.6

● North America equities	13.4
● Japan equities	11.2
● UK equities	10.8
● Europe equities	5.3
● Asia ex-Japan equities	1.7

### Currency allocation %

● Sterling	74.8
● Yen	7.0
● Gold	6.3
● US dollar	6.2
● Euro	4.5
● Other	1.1

## Currency allocation



## 10 largest of 54 equity holdings\*

Stock	% of fund
Walt Disney Company	2.9
Tesco	2.5
Vivendi	2.1
ArcelorMittal	1.5
Ocado	1.5
Cleveland Cliffs	1.4
Sony	1.3
General Motors	1.2
Bandai Namco	1.2
Sumitomo Mitsui Financial Group	1.2

## 5 largest of 16 bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.7
UK Treasury index-linked 0.375% 2062	6.0
US Treasury 0.625% TIPS 2021	4.2
US Treasury 1.75% TIPS 2019	3.0
US Treasury 2.0% TIPS 2020	2.9

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

NAV £402.4m Market capitalisation £383.3m Shares in issue 180,788,420

## Company information

Annual management charge (no performance fee)	1.0%
Total Expense Ratio*	1.18%
Ex dividend dates	March, September
NAV valuation point	Weekly, every Tuesday Plus the last business day of the month
Stock ticker	RICA LN
ISIN GB00B018CS46	SEDOL B018CS4
Administrator	Praxis Fund Services Limited
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 2018

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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.



### Steve Russell

#### INVESTMENT DIRECTOR

Graduated from Oxford in PPE and started work as an equity analyst at Confederation Life in 1987, progressing to Head of Equities. In 1999 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in 2003.



### 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](http://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 March 2019, assets managed by the group exceeded £21.2bn.