

# Ruffer Investment Company Limited

An alternative to alternative asset management



June 2020 Issue 181

During June, the net asset value of the Company rose by 0.3%. This compares with a rise of 1.5% in the FTSE All-Share index.

As we reach the halfway point in this tumultuous year it is worth taking stock of what has happened so far, and how we were able to both preserve capital through the initial market crisis and also benefit from the more recent rally. After a positive start to 2020, stock markets plunged in March on escalating fears of the global impact of COVID-19, with credit markets exhibiting a similar panic. In the fastest decline in stock market history, equity markets fell by a third in just 22 days, hitting their lows on 23 March, the very day the UK officially went into lockdown.

Cue the cavalry. Stock markets rallied in the second quarter as central banks, very much led by the US, swung into their now habitual role of supporting asset prices. The size of the monetary and fiscal intervention is unprecedented in peacetime and we wait to see whether it is sufficient to keep businesses and employment afloat, but for now at least, it has been a big enough bazooka to reassure investors. In April and May equity markets duly recorded one of their fastest recoveries. The US Federal Reserve was pumping money into the system, even buying junk (high yield) bonds and everything was back to normal, except of course it isn't.

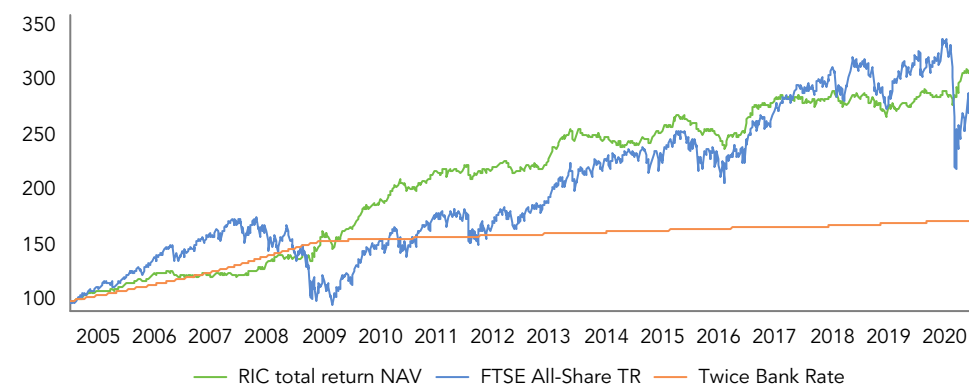
What of the Ruffer portfolio through all of this? Whilst we in no way foresaw the coronavirus pandemic, with our core focus on capital preservation, if we are doing our job properly we would hope to navigate such crises in relatively good shape. We always hold protection in our portfolio against difficult times and have been particularly nervous of markets in recent years. Accordingly, we take only limited credit for emerging from the first quarter virtually unscathed and indeed posting a positive return in March as risk assets tumbled and our investments in 'fear' really did their job.

Since then stock markets have rallied, though whether this is based on a sober assessment of the true impact of the virus, or a sugar rush from central bank liquidity, is open to question. Having protected capital in the dark times, it is a cause for some satisfaction that we were able to make money from that stable base in the recovery. With no increase in risk (we retain a low but potent exposure to equities and still hold significant credit protections) we made decent returns as markets recovered, especially in April and May. A gain of 7.4% in the second quarter leaves us comfortably in positive territory year to date. Looking forward, uncertainty rules of course, but our equities are biased towards recovery and value, and so did well as hope returned to markets and should flourish if this continues. However, in what may be a harbinger of things to come, inflation-linked bonds and gold have driven recent performance just as much as, if not more than, equities.

## 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 %	June 2020	Year to date	1 year	3 years	5 years	10 years
Total return NAV	0.3	6.7	10.1	9.9	15.8	53.6
Share price TR <sup>1</sup>	-1.1	7.8	12.4	5.9	15.0	41.6

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

Percentage growth in total return NAV	%	As at 30 June 2020	p
30 Jun 2019 – 30 Jun 2020	10.1	Share price	242.00
30 Jun 2018 – 30 Jun 2019	-0.9	Net Asset Value (NAV) per share	245.81
30 Jun 2017 – 30 Jun 2018	0.8	Premium/discount to NAV	-1.5
30 Jun 2016 – 30 Jun 2017	8.8	NAV total return since inception <sup>2</sup>	211.8
30 Jun 2015 – 30 Jun 2016	-1.0	Standard deviation <sup>3</sup>	1.87
		Maximum drawdown <sup>3</sup>	-8.62

Source: Ruffer LLP, FTSE International (FTSE) †

<sup>2</sup>Including 39.0p of dividends <sup>3</sup>Monthly data (total return NAV)

# Ruffer Investment Company Limited as at 30 Jun 2020

## Asset allocation



### Asset allocation

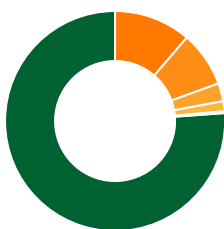
	%
Non-UK index-linked	21.6
Illiquid strategies and options	13.0
Cash	10.7
Gold and gold equities	10.6
Long-dated index-linked gilts	10.1
Short-dated bonds	3.6
Index-linked gilts	0.5

UK equities	13.0
North America equities	6.9
Japan equities	6.8
Europe equities	2.6
Asia ex-Japan equities	0.6

### Currency allocation

	%
Sterling	76.1
Gold	11.3
Yen	8.1
Euro	2.8
US dollar	1.4
Other	0.3

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Lloyds Banking Group	1.8
Tesco	1.6
Kinross Gold	1.3
IamGold	1.3
Newcrest Mining	1.2
Walt Disney	1.2
ArcelorMittal	1.1
AngloGold Ashanti	1.1
Wheaton Precious Metals	1.0
General Motors	0.9

## 5 largest bond holdings

Stock	% of fund
US Treasury 1.75% TIPS 2028	5.8
UK Treasury index-linked 0.125% 2068	5.4
UK Treasury index-linked 0.375% 2062	4.7
UK Treasury 2.0% 2020	3.6
US Treasury 0.625% TIPS 2043	3.6

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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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).

NAV £444.4m Market capitalisation £437.5m Shares in issue 180,788,420

## Company information

Annual management charge (no performance fee)	1.0%
Ongoing Charges Figure*	1.07%
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

\* As at December 2019

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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.



## Enquiries

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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 May 2020, assets managed by the group exceeded £19.5bn.