

Ruffer Investment Company Limited

An alternative to alternative asset management



November 2021 Issue 198

During November, the Company's NAV rose by 0.2%. This compared with a fall of 2.2% in the FTSE All-Share index.

In an action-packed November, perhaps the most meaningful moment came on its final afternoon. In his testimony to the Senate Banking Committee, the Chair of the Federal Reserve, Jerome Powell, admitted that inflation will linger and that it was 'time to retire the word transitory'. This marks the end of the back-and-forth narrative that has dominated the investment debate for the past six months. It also provided a rubber-stamp to a shift that was already underway. Short-dated interest rate markets had already begun to price in an end to limitless central bank accommodation.

This shift is a material change and marks the beginning of a new market dynamic. We have moved from a question of whether inflation is transitory to whether central banks have the willingness and the ability to bring this lingering, sticky inflation back down. If the necessary willingness exists, then we are entering a much more difficult backdrop for markets. The tailwind of gargantuan liquidity injections, which have powered them higher, will now become a headwind.

Alongside liquidity, risk assets have clearly also benefitted from improving economic fundamentals. The Atlanta Fed GDP Nowcast estimates that real GDP for Q4 in the US will be above 8%. Coupled with inflation potentially annualising at 6% for the quarter, this gives US quarterly nominal GDP of close to 14%. These powerful economic fundamentals put pressure on officials to dial down stimulus.

The combination of strong economic fundamentals and a need to tackle inflation will see central banks try to slow price rises through tighter financial conditions. This makes equity and credit markets as vulnerable as they have been since the market falls of March 2020. We have been preparing for this eventuality. At the end of October, we increased our allocation to the credit protection strategies that worked so well in Q1 2020.

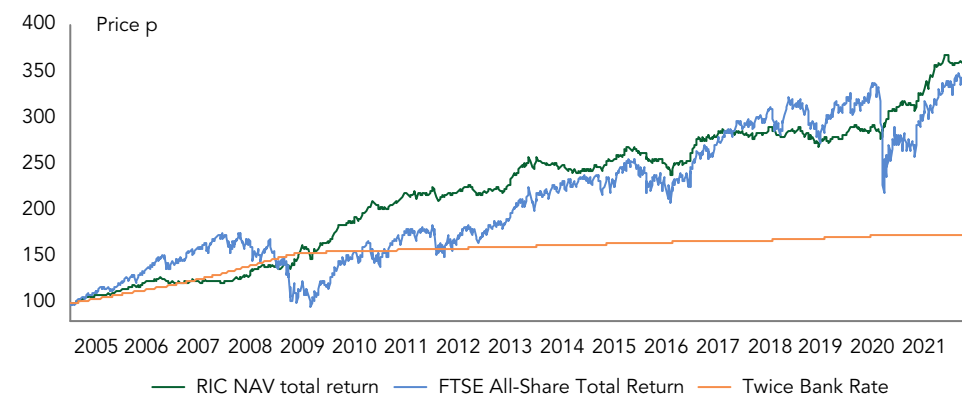
On top of this, we added to equity option protection and deliberately pared back the Company's equity weight to just under 40%. If inflation does not react as central banks hope and they have to go harder with their liquidity withdrawal, we are confident we have the protections in place to withstand the likely equity market tantrum.

The bigger question is perhaps whether inflation will be able to be brought back to target or is the genie well and truly out the bottle. For this eventuality, the longest-dated inflation linked bonds remain primed. We upped our weighting to the longest-dated issues in the UK to 15% and added to the new 2073 index-linked bond. It is noteworthy that these bonds rose just under 10% during the month. The knee-jerk reaction to the omicron variant was disinflationary. We are not so sure. The pandemic experience tells us that the inflationary disruption to supply outweighs the deflationary hit to demand. Mr Powell and his colleagues will be well aware of this.

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 base rate. 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. Where appropriate, collective investment schemes will also be used to gain exposure to these assets.

Performance since launch on 8 July 2004



Performance %	Net Asset Value	Share price	As at 30 November 2021	p
November 2021	0.2	-1.8	Share price	297.00
Year to date	11.8	14.6	Net Asset Value (NAV) per share	287.14
1 year	14.2	22.2		%
3 years	35.4	38.3	Premium/discount to NAV	3.4
5 years	33.0	33.4	NAV total return since inception ²	271.1
10 years	69.0	70.1	Standard deviation ³	1.87
			Maximum drawdown ³	-8.62

All figures in the above table are calculated on a total return basis (including reinvestment of income). If monthly performance is quoted in the commentary, it may be calculated on a price return basis and differ from the information in this table.

²Including 42.3p of dividends ³Monthly data (total return NAV)

12 month performance to September %	2017	2018	2019	2020	2021
RIC NAV total return	1.6	1.5	1.6	8.2	15.4
FTSE All-Share Total Return	11.9	5.9	2.7	-16.6	27.9
Twice Bank Rate	0.5	1.0	1.5	0.8	0.2

Source: Ruffer LLP, FTSE International

The financial effects of the Company's formal equity fundraising in November 2021 were not accurately reflected in performance calculations, leading to past performance figures being understated by a non-material amount in the Company's interim, annual and monthly reports published between December 2021 and April 2023. The performance methodology has been updated to amend this error and past performance figures in this report are correct.

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 30 Nov 2021

Asset allocation



Asset allocation	%
● Long-dated index-linked gilts	15.4
● Index-linked gilts	12.3
● Non-UK index-linked	8.8
● Gold and gold equities	7.5
● Illiquid strategies and options	6.6
● Cash	6.1
● Short-dated bonds	3.1
● UK equities	19.9
● Japan equities	7.1
● North America equities	6.7
● Europe equities	5.4
● Asia ex-Japan equities	0.3
● Other equities	1.0
Currency allocation	%
● Sterling	85.4
● Gold	7.8
● Yen	4.1
● US dollar	0.7
● Euro	0.4
● Other	1.6

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	2.7
Royal Dutch Shell	2.7
Lloyds Banking Group	2.3
iShares Physical Gold	1.5
Cigna	1.5
NatWest Group	1.5
Kinross Gold	1.2
GlaxoSmithKline	1.2
Mitsubishi UFJ Financial Group	1.2
Bristol-Myers Squibb	1.0

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	6.2
UK Treasury index-linked 1.875% 2022	5.1
UK Treasury index-linked 0.125% 2024	4.8
US Treasury 0.625% TIPS 2023	4.6
UK Treasury index-linked 0.125% 2065	4.1

*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

NAV £651.2m Market capitalisation £673.6m Shares in issue 226,788,416

Company information

Annual management charge (no performance fee)	1.0%		
Ongoing Charges Ratio*	1.08%		
Ex dividend dates	March, October		
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 as at 30 June 2021

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.

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 the University of Glasgow School of Law in 2007 and spent four years working at Barclays in Glasgow, London and Singapore. He is a CFA charterholder and co-manager of two of Ruffer's flagship funds.



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 www.ruffer.co.uk.

This financial promotion is issued by Ruffer AIFM Limited (RAIFM), 80 Victoria Street, London SW1E 5JL. RAIFM is authorised and regulated by the Financial Conduct Authority. © RAIFM 2021

Enquiries

Ruffer AIFM Ltd +44 (0)20 7963 8218
 80 Victoria Street rif@ruffer.co.uk
 London SW1E 5JL ruffer.co.uk

Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2021, assets managed by the group exceeded £23.6bn.