

# Ruffer Investment Company Limited

An alternative to alternative asset management



February 2022 Issue 201

During February, the Company's NAV rose by 2.6%. This compared with a fall of 0.4% in the FTSE All-Share index.

Our commentary this month is dominated by the impact of events in Ukraine. This war is first and foremost a human tragedy and our thoughts are with the people of Ukraine. The investment implications are secondary to the crisis, but we recognise our duty to provide investors with an update on the impact on their investments. The Company made gains earlier in the month and was broadly flat as the invasion unfolded. Geopolitical risk is unpredictable and we do not claim to position the Company in anticipation of specific events. Instead, we always hold protective assets which help us to weather market volatility in environments of heightened geopolitical risk.

The chief drivers of performance were derivative protection, gold and energy exposure. Derivative protection took two forms – interest rate protection and equity protection. We continued to use interest rate options to reduce duration risk in our inflation-linked bond holdings and this enabled us to benefit as bond yields rose for the first two weeks of the month. We took some profits in these options and the marginally higher duration since the invasion started has been helpful as bond yields have fallen. We will continue to be flexible in managing duration risk and believe that the path of rates will still be higher, but the speed of increase is now less certain. Towards the end of the month equity put options helped performance.

The Company has no direct exposure to Russia or Ukraine. We have a 1.8% position in BP, as part of our allocation to energy. BP is exiting its position in the Russian oil company Rosneft. It has underperformed its peers over the last fortnight due to this exposure, but the shares moved little on the announcement as an exit had already been priced in. Elsewhere, energy stocks have performed well for us. They have been a significant equity allocation since the beginning of the market recovery from the covid crisis. Our view that global demand would remain robust and supply would be constrained is playing out and we have been reducing exposure as part of an overall reduction in equity risk. We currently have 41% in equities, as well as protection in the shape of equity put options and exposure to credit default swaps.

We added to gold exposure in late 2021 moving from 6% to 8%. There was general investor disinterest in gold after a lacklustre 2021 and we also felt that emergent dollar weakness could see gold re-emerge as a safe haven. While we were wrong about dollar weakness, gold has undoubtedly benefitted from safe-haven demand.

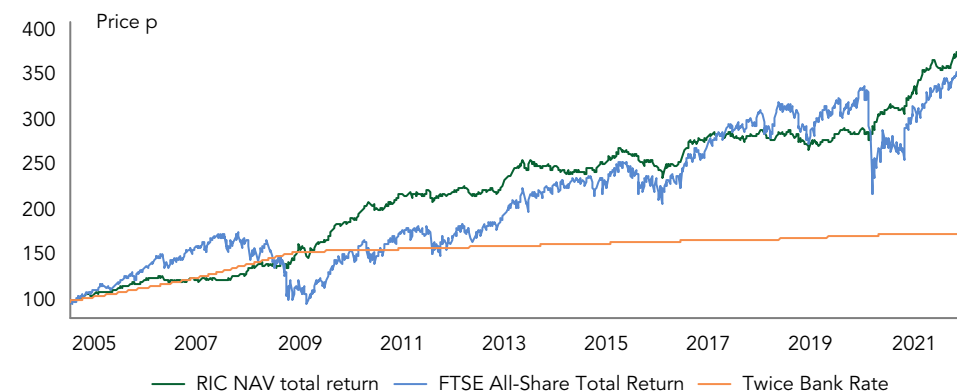
Looking further ahead, the US is unlikely to incur the serious energy price inflation we expect in Europe. This may see a return to US exceptionalism. This would put upward pressure on the dollar, which in turn sucks liquidity out of broader financial markets (as well as making the Fed's life more difficult). This is likely to increase stress in markets more generally, hence our desire not to be overextended in either direction.

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.

## 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 28 February 2022	p
February 2022	2.6	2.3	<b>Share price</b>	<b>307.00</b>
Year to date	3.4	4.8	<b>Net Asset Value (NAV) per share</b>	<b>297.63</b>
1 year	11.2	12.4		%
3 years	40.7	51.5	Premium/discount to NAV	3.1
5 years	35.0	35.6	NAV total return since inception <sup>2</sup>	284.6
10 years	69.7	69.7	Standard deviation <sup>3</sup>	1.86
			Maximum drawdown <sup>3</sup>	-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.

<sup>2</sup>Including 42.3p of dividends <sup>3</sup>Monthly data (total return NAV)

12 month performance to December %	2017	2018	2019	2020	2021
RIC NAV total return	1.6	-6.0	8.4	13.5	12.0
FTSE All-Share Total Return	13.1	-9.5	19.2	-9.8	18.3
Twice Bank Rate	0.6	1.2	1.5	0.5	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 Investment Company Limited as at 28 Feb 2022

## Asset allocation



Asset allocation	%
● Illiquid strategies and options	13.6
● Long-dated index-linked gilts	10.7
● Index-linked gilts	10.0
● Gold exposure and gold equities	7.7
● Non-UK index-linked	7.7
● Cash	7.1
● Short-dated bonds	2.0
● UK equities	18.4
● North America equities	8.5
● Japan equities	7.5
● Europe equities	5.4
● Asia ex-Japan equities	0.2
● Other equities	1.1
<b>Currency allocation</b>	
● Sterling	81.9
● Yen	8.6
● US dollar	4.4
● Euro	0.7
● Other	4.4

## Currency allocation



## 10 largest equity holdings\*

Stock	% of fund
Shell	2.6
BP	1.8
Cigna	1.5
Lloyds Banking Group	1.5
Mitsubishi UFJ Financial Group	1.4
GlaxoSmithKline	1.2
Bristol-Myers Squibb	1.1
Vodafone Group	1.0
ORIX Corporation	0.9
NatWest Group	0.9

## 5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2068	4.6
UK Treasury index-linked 0.125% 2024	4.3
US Treasury 0.625% TIPS 2023	4.1
UK Treasury index-linked 1.875% 2022	3.6
UK Treasury index-linked 0.125% 2065	3.0

\*Excludes holdings in pooled funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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NAV £783.1m Market capitalisation £807.8m Shares in issue 263,125,637

## 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	Sanne Fund Services (Guernsey) 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

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## Enquiries

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

## 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.



## Ruffer LLP

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2022, assets managed by the group exceeded £24.5bn.