

Ruffer Investment Company Limited

An alternative to alternative asset management



October 2022 Issue 209

The net asset value of the Company fell by 1.0%. This compared to the FTSE All-Share TR which rose by 3.1%.

Financial markets were calmer in October compared to the volatility of recent months. Surveys suggest investors entered the fourth quarter with a sense of dread, indicating they were as bearish as they had been for some time and simply hoping the year would end! Given this starting position, it is perhaps unsurprising financial assets generally rallied in the absence of further bad news. This rally was not universal, and although the Dow Jones enjoyed its best month since 1976, up 14%, the much-vaunted tech sector suffered substantial falls.

There was growing hope central banks would begin to slow their path of interest rate rises, and potentially even begin to hint at pivoting towards future cuts. At the same time, a relatively warmer autumn helped European gas prices fall, removing some shorter-term inflationary pressures. In the UK, the end of Liz Truss's brief term as prime minister, and the junking of her economic plans saw calm return to the gilt markets, which had been the epicentre of market volatility. All these things helped to boost market sentiment. Despite their low weighting, the fund's equity positions were a positive contributor (+0.8%) to returns, while the main headwinds were the unconventional protections (-0.8%). The resurgence in sterling also saw the positions in the US dollar and the yen contribute negatively.

Last month we described a move into long dated US inflation-linked and conventional bonds. We continued this move throughout October. We entered 2022 with our duration position almost entirely hedged, we now have around eight years of duration in the fund. We have also taken some profits in the UK inflation-linked gilts bought at extremely attractive prices at the nadir of the post 'mini-budget' crisis.

Our structural view remains that we have moved into a new regime, characterised by higher and more volatile inflation. Structurally higher inflation means we remain in a bear market for both bonds and equities. Inflation will also be more volatile and there will be periods when it might decline meaningfully. During these phases of falling inflation, we will need to participate in potentially powerful bond rallies. This is unequivocally not a reversion to the regime of the last four decades, but an acknowledgment that the path to the new regime is unlikely to be linear. Active management, including the use of cash, will continue to be key to driving returns.

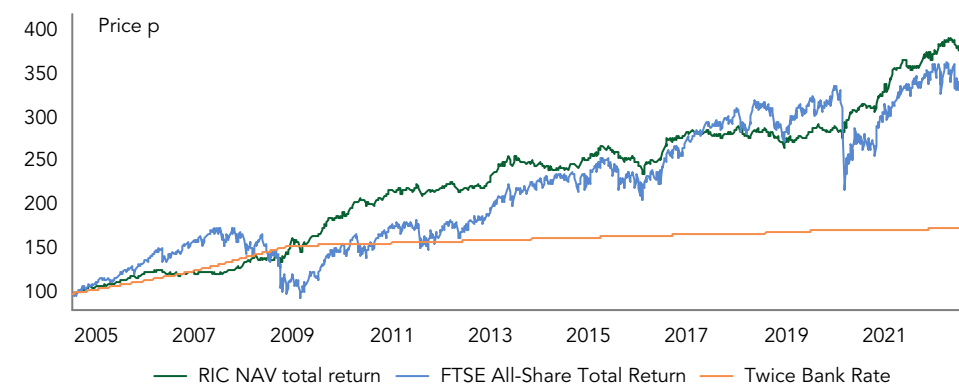
There was much hope in advance of the Federal Reserve's 2 November meeting that they might pivot in response to growing fears of a global recession. We did not expect them to be enthusiastic to see equity markets rally. Given the continued focus on financial conditions and inflation, we suspected any such rally might only be short lived.

We are holding a meeting for shareholders on Thursday 24 November at our office in London. If you would like to attend please email ruffer@ruffer.co.uk.

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 31 October 2022	p
October 2022	-1.0	7.9	Share price	309.50
Year to date	5.8	6.6	Net Asset Value (NAV) per share	301.53
1 year	6.2	3.3		%
3 years	37.5	47.2	Premium/discount to NAV	2.6
5 years	38.7	39.7	NAV total return since inception ²	293.3
10 years	77.4	77.6	Standard deviation ³	1.85
			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 45.0p of dividends ³Monthly data (total return NAV)

12 month performance to September %	2018	2019	2020	2021	2022
RIC NAV total return	1.5	1.6	8.2	15.4	9.7
FTSE All-Share Total Return	5.9	2.7	-16.6	27.9	-4.0
Twice Bank Rate	1.0	1.5	0.8	0.2	1.6

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 31 Oct 2022

Asset allocation



Asset allocation	%
Short-dated bonds	19.5
Illiquid strategies and options	19.1
Long-dated bonds	12.5
Long-dated index-linked gilts	10.6
Non-UK index-linked	9.8
Index-linked gilts	8.9
Cash	3.6
Gold exposure and gold equities	2.0
Global funds	0.2
UK equities	7.1
North America equities	3.1
Europe equities	1.6
Japan equities	1.4
Asia ex-Japan equities	0.1
Other equities	0.3
Currency allocation	%
Sterling	71.1
US dollar	11.7
Yen	9.2
Australian dollar	6.4
Euro	0.6
Other	1.0

Currency allocation



10 largest equity holdings*

Stock	% of fund
BP	1.7
Shell	0.4
Mitsubishi UFJ Financial Group	0.4
Sony	0.4
Unilever	0.4
Trident Royalties	0.3
Fujitsu	0.3
Haleon	0.3
Taylor Maritime	0.3
Berkshire Hathaway	0.3

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.9
US Treasury 0.625% TIPS 2023	5.4
US Treasury FRN 2024	3.2
US Treasury FRN 2023	3.2
UK Treasury 0.125% 2073	3.2

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

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NAV £1,048.5m Market capitalisation £1,076.5m Shares in issue 347,817,764

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 31 December 2021

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Fund Managers

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.



Jasmine Yeo

INVESTMENT MANAGER

Joined Ruffer in 2017, having graduated with a degree from Warwick Business School. She is a member of the CISI, following completion of the CISI Masters in Wealth Management. She has managed private client portfolios and now works with wealth managers and advisors as part of Ruffer's UK wholesale team. She is co-manager of one 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 30 September 2022, assets managed by the group exceeded £26.5bn.