RNS Number : 4104M
Ruffer Investment Company Limited
15 November 2024

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RUFFER INVESTMENT COMPANY LIMITED
(a closed-ended investment company incorporated in Guernsey with registration number 41966)
(the "**Company**")

Attached is a link to the Monthly Investment Report for October 2024:

http://www.rns-pdf.londonstockexchange.com/rns/4104M_1-2024-11-15.pdf

October was a tough month for both bond and equity markets, and the fund was not immune. Bonds had their worst month since September 2022 as investors grappled with the prospect of fiscal expansions in the US, the UK and China potentially putting upward pressure on inflation over the next few years. This, combined with better-than-expected economic data in the US, saw investors dial back their expectations for rapid rate cuts in 2025.

With an election in Japan injecting uncertainty into yen rates at the same time as dollar rates were rising, the market was emboldened to resume selling the yen. This led to yen weakness being the biggest detractor from portfolio performance in October. However, our conviction in the value on offer is undimmed, and we took advantage of the recent weakness to re-establish call options on the yen (derivative positions that will increase in value if the yen rises strongly) to complement our existing direct exposure to the currency. Inflation remains a key political issue in Japan. The Bank of Japan, which kept rates low as other central banks were hiking in 2022-2023, is now raising its rates as other central banks are cutting, and despite the October setback, we expect this interest rate convergence to keep upward pressure on the yen into 2025.

Although we took some profits in our Chinese equities in early October, they were the main detractors within our equity book because of dollar strength, the growing anticipation of a Trump presidency (with its promise of high tariffs on Chinese goods) and some half-hearted follow through on domestic stimulus in China. Chinese equities are widely under-owned and, on aggregate, trade near trough multiples of what we suspect, in the context of continuing domestic stimulus, are near-trough earnings.

Beyond the Chinese equity trim and the yen increase, the other notable action in the portfolio was the reintroduction of a position in silver bullion. Having traded in and out successfully earlier in the year, we built the position back during October, ending with 2% of the fund exposed to silver. This and the 1% of the fund exposed to platinum complement our gold equity holdings. These all historically trade with a high beta to the gold price (when the gold price is rising they typically rise more, and when it is falling they fall more). So far in 2024, silver and gold equities have traded in line with gold bullion, so if the bull market in gold continues, the possibility of outsized returns remains.

At the point of writing, Donald Trump has just been elected president of the US, and the coalition governing Germany has collapsed. We see both events as paths to greater fiscal profligacy on either side of the Atlantic. UK Chancellor Reeves' own fiscal stimulus was unveiled at the end of October, at a Budget that was fueled by more debt as much as by higher taxes. We are keeping a close eye on funding spreads and real interest rates across these markets. If they rise too high too fast, a lot will have to change. First, bond and equity markets will have to fall, and then policies will have to be reappraised, but in that order. The fund remains defensively positioned in anticipation.

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