

11 February 2025

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 January 2025:

http://www.ms-pdf.londonstockexchange.com/ms/5648W_1-2025-2-10.pdf

January witnessed three distinct market environments: initial pain caused by rising interest rates, then relief across equity and bond markets, and finally a short-lived market volatility shock. It was encouraging to see the portfolio perform positively through each of these phases.

Initially, the dollar strength and rising bond yields prompted by Donald Trump's election victory weighed on markets, with global equities and bonds both falling. This presented an opportunity as 10 year real (inflation-adjusted) yields rose above 2.3%, a level in our view unsustainable for the real economy. We moved nearly 5% of the portfolio into 10 year US Treasury Inflation Protected Securities (TIPS). We felt comfortable taking on this risk because the portfolio's credit protections started to work as higher real yields translated into wider corporate bond spreads. The portfolio also benefited as the pound weakened, given our 30% exposure out of sterling, half of which is in the yen.

The second phase was ushered in by an unremarkable US inflation print, which brought relief to rates and equity markets, with the S&P 500 printing its strongest rise since the day after Trump's election. Given our significant position in protection assets and, in the short term, a slightly more benign view on equity markets, we took advantage of the earlier weakness to increase equity exposure through S&P 500 call options. As markets rebounded, the options helped the portfolio's net equity exposure rise to its highest level since 2022. Alongside the options, we took some profits in energy, recycling the proceeds into a diversified basket of Japanese equities. We also increased exposure to platinum and silver, which have since appreciated sharply, reflecting the all-time high in the gold price.

The third market environment was short-lived but significant. DeepSeek, a Chinese ChatGPT rival released in January, claims that its model has been trained at a fraction of the cost. This potentially imperils US tech's dominance in AI and challenges investment in AI infrastructure. Chip maker Nvidia's shares fell 17% in one day, wiping 590 billion off its market capitalisation, the largest ever daily loss of value for a company. However, while the pain has persisted for many AI-focused stocks, it did not result in broader market contagion. The VIX (a measure of US equity volatility) spiked from 15 to over 21 in a single morning but swiftly retreated below 17 by the end of the month. We built up a significant position in VIX call options while volatility was lower earlier in the month, but we did not consider the spike significant enough to monetise the options, especially since the portfolio was protected by its negligible exposure to US tech.

Our focus is on capital preservation. Nonetheless, January demonstrates that the portfolio can generate positive returns when markets are rising, as well as holding potent protections in case a volatility shock translates into a market correction.

Enquiries:

Apex Fund and Corporate Services (Guernsey) Limited
Company Secretary
Nicole Liebenberg
DDI: +44(0)20 3530 3653
Email: ric@apexgroup.com
LEI: 21380068AHZKY7MKNO47

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

DOCTMMITMTABBBA

