Ruffer Multi Strategies Fund Limited

Interim report and
unaudited financial statements

For the period ended
30 September 2021

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Board of Directors

The Directors of the Company are all independent and non-executive. They are –

Keith Betts (Chairman), a resident of Guernsey.
Keith Betts, aged 65, is self-employed and holds a Personal Fiduciary License issued by the Guernsey Financial Services Commission. He was formerly Chief Executive Officer of Newhaven Trust Company (Channel Islands) Limited and before that Managing Director of CIBC Bank and Trust Company (Channel Islands) Limited and subsidiaries (1987 to 2001). He is a non-executive Chairman of Ruffer (Channel Islands) Limited.

Wayne Bulpitt, CBE, a resident of Guernsey.
Wayne Bulpitt, aged 60, is Co Chair of Aspida Group Limited. He was formerly head of offshore investment services for Canadian Imperial Bank of Commerce, Global Private Banking & Trust division (1998-2001) and Managing Director of CIBC Fund Managers (Guernsey) Limited (1992-1998).

James Aitken, a resident of the United Kingdom.
James Aitken, aged 50, is a resident of the United Kingdom. He is Managing Partner of Aitken Advisors LLP, a macro-financial consultancy that advises institutional investors and policy makers worldwide on financial markets, macroeconomics, financial system issues and policy itself.

Peter Luthy, a resident of the United Kingdom.
Peter Luthy, aged 70, has worked in the fixed income market for over 30 years. In 1990, he co-founded a credit focused bond broker, Luthy Baillie Dowsett Pethick and Co. Limited (LBDP) whose shareholders included Deutsche Bank AG, Robert Fleming Limited and Swiss Bank Corporation. Dresdner Kleinwort Benson acquired LBDP in 1996 where he was Global Head of Credit Products. He was a Managing Partner of Banquo Credit Management Limited between 2004 and 2014.

John Hallam, a resident of Guernsey.
John Hallam, aged 72, is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. He is Chairman of NB Distressed Debt Investment Fund Ltd. He served for many years as a member of the Guernsey Financial Services Commission from which he retired in 2006 having been its Chairman for the previous three years.

Statement of Directors' Responsibilities in Respect of the Interim Unaudited Financial Statements

The Directors are responsible for preparing the Interim Report and Unaudited Financial Statements which gives a true and fair view, in accordance with applicable law and United Kingdom Accounting Standards ("FRS 102").

In preparing those Financial Statements, the Directors are required to –

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures as disclosed in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the Financial Statements comply with The Companies (Guernsey) Law, 2008. The Directors are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Board of Directors confirms that, throughout the period covered by the Financial Statements, the Company complied with the Code of Corporate Governance issued by the Guernsey Financial Services Commission, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

The Company is committed to zero tolerance towards the facilitation of tax evasion.

Going concern

The Board of Directors is satisfied at the time of approving the Financial Statements that the Company has adequate resources and the intention to continue to operate for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Signed on behalf of the Board by –

Keith Betts	John Hallam
Director	Director

30 November 2021

Investment Manager's report

In the period 31 March 2021 to 30 September 2021, the Net Asset Value (NAV) per share of the Company fell by 9.80% from 95.32p to 85.98p[1].

The ideal conditions have been in place for equity markets during much of the past six months. Risk assets have benefitted from the global vaccination rollout and associated easing in social restrictions, which has allowed service sectors to reopen, whilst consumer demand for goods has stayed robust. The resultant broad acceleration in economic fundamentals and rebound in earnings has driven equity indices higher. Simultaneously, monetary policy has remained highly supportive, providing ample liquidity to markets, and keeping bond yields contained to justify current equity valuations.

The question now is whether policy makers have been overly generous with stimulus, creating an environment prone to inflation. For instance, the Fed has continued to buy $120bn of assets each month despite US CPI printing above 5%[2] in YoY terms, on the strong assumption that the current bout of inflation is transitory. Combined with ongoing supply issues, one risk for markets is that a period of higher price growth generates earnings volatility, leading to a compression in valuation multiples. Alternatively, inflation may force central banks to hike interest rates sooner, or by more than currently priced, which could create trouble for the equity market given its sensitivity to discount rates. But risks also remain to the downside. Further credit problems in China, in particular from any spillover effects from the issues at the real estate developer Evergrande, are likely to drag on Chinese growth, and therefore the global economy. We also cannot rule out the emergence of a vaccine-resistant virus mutation, which requires the reimposition of some social restrictions at the expense of economic output and company earnings.

Equity volatility remains expensive, as sellers are still yet to return to the market in significant size. We have therefore been identifying better-value protection elsewhere. Much of the fund's performance potency lies in credit default swaps. We expect corporate bonds to perform poorly in both left-tail events, as companies' cashflows shrink, and right-tail events, as they struggle to deal with higher interest rates given their lofty degree of leverage. The starting point for owning CDS appears attractive, hence we think these positions offer good value as protection. The fund also has exposure to FX volatility, which screens as relatively cheap compared to history. Given that macroeconomic uncertainty looks set to stay high and rate volatility has been picking up, we could start to see more pronounced moves in FX.

1 Calculated in accordance with United Kingdom Accounting Standards – UK GAAP (FRS 102).
2 Source: US Bureau of Labor Statistics.

During the period under discussion, the fund experienced close to £130m of outflows. We also redeemed the majority of our investment with One River, removing all our exposure to digital assets.

Discrete performance data

From %	31.03.17	31.03.18	31.03.19	31.03.20	31.03.21
To %	31.03.18	31.03.19	31.03.20	31.03.21	30.09.21
Ruffer Multi Strategies Fund	-16.8	-13.7	47.0	3.3	-9.8

Notes: Absolute returns (not annualised).

Source: Ruffer. Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Please note that past performance is not a reliable indicator of 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 AIFM Limited

30 November 2021

Portfolio analysis

Investment portfolio	Currency	Type of security	Holding at 30 Sep 21 units	# Unrealised movement £	Total value of investment at 30 Sep 21 £	% of Total net assets %
United Kingdom 10.89%						
(31 Mar 21 – 6.34%)						
Chenavari Multi Strategy Credit Fund Ltd Class E	GBP	Hedge fund	458,047	(4,272,624)	17,158,447	10.89
					17,158,447	10.89
Cayman Islands 39.12%						
(31 Mar 21 – 44.57%)						
Peters RMSF Digital Segregated Portfolio Class A	USD	Hedge fund	582	57,451	477,684	0.30
Peters RMSF Segregated Portfolio Class A 010119	USD	Hedge fund	862	(209,646)	467,366	0.30
Peters RMSF Segregated Portfolio I Class A Series 0 010121	USD	Hedge fund	19,431	62,447	14,003,319	8.88
Saba Capital R Fund Ltd Class A Series 1	USD	Hedge fund	3,944	(20,714,675)	1,067,629	0.68
Saba Capital R Fund Ltd Class A Series 2	USD	Hedge fund	516	(3,866,683)	139,608	0.09
Saba Capital R Fund Ltd Class A Series 3	USD	Hedge fund	1,186	(3,554,722)	320,947	0.20
Saba Capital R Fund Ltd Class A Series 4	USD	Hedge fund	1,696	(4,453,347)	459,172	0.29
Saba Capital R Fund Ltd Class A Series 5	USD	Hedge fund	2,515	(6,108,493)	680,886	0.43
Saba Capital R Fund Ltd Class A Series 6	USD	Hedge fund	2,088	(4,623,507)	565,329	0.36
Saba Capital R Fund Ltd Class A Series 7	USD	Hedge fund	3,120	(6,547,899)	844,449	0.54
Saba Capital R Fund Ltd Class A Series 8	USD	Hedge fund	3,896	(7,374,381)	1,054,657	0.67
Saba Capital R Fund Ltd Class A Series 9	USD	Hedge fund	4,169	(9,074,147)	1,128,447	0.72
Saba Capital R Fund Ltd Class D Series 1	USD	Hedge fund	9,790	(3,056,299)	4,391,554	2.79
Saba Capital R Fund Ltd Class D Series 2	USD	Hedge fund	16,011	(4,998,270)	7,181,945	4.56
Saba Capital R Fund Ltd Class D Series 6	USD	Hedge fund	13,000	(5,075,098)	5,102,620	3.24
Saba Capital R Fund Ltd Class D Series 7	USD	Hedge fund	32,000	(15,349,468)	9,031,482	5.73
Saba Capital R Fund Ltd Class D Series 8	USD	Hedge fund	30,000	(6,933,336)	14,734,353	9.34
					61,651,447	39.12
Ireland 15.14%						
(31 Mar 21 – 8.29%)						
Sandawana Fund Class A	GBP	Hedge fund	34,430	(993,888)	23,867,964	15.14
					23,867,964	15.14
Total portfolio investments				(107,086,585)	102,677,858	65.15
Other net current assets					54,934,233	34.85
Total shareholders' equity					157,612,091	100.00

These amounts are cumulative.

Statement of comprehensive income

	Notes	For the period ended 30 Sep 21 £	For the period ended 30 Sep 20 £
Income			
Net realised gain on investments at fair value through profit or loss	4, 11	3,506,588	21,090,544
Net realised gain on foreign currency		405,613	–
Net unrealised gain on foreign currency		178	–
Total income		3,912,379	21,090,544
Loss			
Net unrealised loss on foreign currency		–	(45)
Net realised loss on foreign currency		–	(915,136)
Net movement in unrealised loss on investments at fair value through profit or loss	4, 11	(29,940,015)	(87,364,893)
Total loss		(29,940,015)	(88,280,074)
Expenses			
Administrative expenses	3	(170,069)	(168,367)
Total expenses		(170,069)	(168,367)
Total comprehensive loss for the period		(26,197,705)	(67,357,897)
Basic loss per redeemable ordinary share (in pence)	13	(9.46)	(22.96)

All results shown above are from continuing operations and are attributable to shareholders of the Company.

The Notes on pages 12 to 26 form an integral part of these Financial Statements.

Statement of financial position

	Notes	As at 30 Sep 21 £	As at 31 Mar 21 £
Assets			
Non-current assets			
Investments at fair value through profit or loss	4	102,677,858	187,421,094
Current assets			
Debtors	5	22,834	9,297
Securities sold receivable	5	–	50,647,562
Cash at bank		54,971,570	79,545,896
		54,994,404	130,202,755
Total assets		157,672,262	317,623,849
Current liabilities			
Creditors	6	(60,171)	(70,805)
Redemptions payable		–	(950,604)
Total liabilities		(60,171)	(1,021,409)
Net assets		157,612,091	316,602,440
Capital and reserves			
Share capital	7	143,711,840	276,504,484
Profit and loss account		13,900,251	40,097,956
Total shareholders' equity		157,612,091	316,602,440
Number of shares in issue	7	183,310,870	332,133,169
Net asset value per redeemable ordinary share (in pence)	12	85.98	95.32

These Financial Statements on pages 8 to 26 were approved by the Board of Directors and authorised for issue on 30 November 2021.

They were signed on its behalf by –

Keith Betts
Director

John Hallam
Director

The Notes on pages 12 to 26 form an integral part of these Financial Statements.

Statement of cash flows

	Notes	For the period ended 30 Sep 21 £	For the period ended 30 Sep 20 £
Net cash inflow/(outflow) from operating activities	A	211,374	(1,080,185)
Cash flow from investing activities			
Payments to acquire investments	4	(77,052,726)	(24,380,950)
Proceeds from sale of investments	4	186,010,096	86,990,297
Net cash inflow from investing activities		108,957,370	62,609,347
Cash flow from financing activities			
Shares issued in the period	7	4,383,673	18,374,440
Shares redeemed in the period		(138,126,921)	(36,226,642)
Net cash outflow from financing activities		(133,743,248)	(17,852,202)
Net (decrease)/increase in cash and cash equivalents	B	(24,574,504)	43,676,960
Notes			
A Cash flow from operating activities			
Total comprehensive loss for the period		(26,197,705)	(67,357,897)
Net unrealised (gain)/loss on foreign currency		(178)	45
Net movement in unrealised loss on investments at fair value through profit or loss	11	29,940,016	87,364,893
Net realised gain on investments at fair value through profit or loss	11	(3,506,588)	(21,090,544)
(Increase)/decrease in debtors		(13,537)	5,155
Decrease in creditors		(10,634)	(1,837)
Net cash inflow/(outflow) from operating activities		211,374	(1,080,185)
B Reconciliation of cash flow to movement in net cash			
Cash and cash equivalents at the beginning of the period		79,545,896	44,831,718
Net unrealised gain/(loss) on foreign currency		178	(45)
Net cash (outflow)/inflow from activities		(24,574,504)	43,676,960
Cash and cash equivalents at the end of the period		54,971,570	88,508,633

The Notes on pages 12 to 26 form an integral part of these Financial Statements.

Statement of changes in equity

For the period ended 30 September 2021	Note	Share capital £	Profit and loss account £	Total equity £
As at 31 March 2021		276,504,484	40,097,956	316,602,440
Shares issued during the period	7	4,383,673	–	4,383,673
Shares redeemed during the period	7	(137,176,317)	–	(137,176,317)
Total comprehensive loss for the period		–	(26,197,705)	(26,197,705)
As at 30 September 2021		143,711,840	13,900,251	157,612,091

For the period ended 30 September 2020	Share capital £	Profit and loss account £	Total equity £
As at 31 March 2020	295,860,127	35,458,457	331,318,584
Shares issued during the period	18,374,440	–	18,374,440
Shares redeemed during the period	(36,966,209)	–	(36,966,209)
Total comprehensive loss for the period	–	(67,357,897)	(67,357,897)
As at 30 September 2020	277,268,358	(31,899,440)	245,368,918

The Notes on pages 12 to 26 form an integral part of these Financial Statements.

Notes to the financial statements

1 General information

The Company was incorporated in Guernsey on 10 June 2015 with registered number 60442 and is governed by the Companies (Guernsey) Law, 2008. The address of the registered office can be found on page 27.

The Company is a Registered Collective Investment Scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the 'POI Law') and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission (GFSC).

The Financial Statements are presented in Pounds Sterling (£) which is also the functional currency, being the currency of the primary economic environment in which the Company operates.

The Company's investment objective is to seek to generate positive returns over the life of the Company from financial market cycles, after fees and expenses, including but not limited to investing in strategies focusing on credit and volatility.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements. Critical accounting judgements and key sources of uncertainty where such judgements are made are indicated in the accounting policies below.

a Basis of preparation

The Financial Statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain assets. The Financial Statements of the Company for the period ended 30 September 2021 have been prepared in accordance with ('FRS 102'), The Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council and in accordance with the Companies (Guernsey) Law, 2008.

In arriving at their conclusion the Directors have considered –

Impact of Coronavirus (COVID-19)

The COVID-19 global pandemic has been ongoing since March 2020. The Directors have examined significant areas of possible financial risk as a result of the COVID-19 pandemic, including impact on company going concern. The Board and Investment Manager are closely monitoring the potential impact this may have on Company and to ensure the Company's liquid resources will be sufficient to cover any working capital requirements.

Financial resources, business plans and management intentions

- The Company's net assets at 30 September 2021 of £157,612,091 and the cash balance at 30 September 2021 of £54,971,570. Annual operating expenditure of the Company is not considered material.
- The Investment Manager and Administrator have invoked their business continuity plans to help ensure the safety and well-being of their staff thereby retaining the ability to maintain business operations.
- Annual operating expenditure of the Company is not considered material.
- There are no intentions to liquidate or close down the Company in the ensuing 12 months.

For these reasons, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

b Accounting policies and disclosures

The Company has adopted a policy of applying new standards and interpretations when they become effective and to early adopt standards and amendments to existing standards effective after the reporting period if they believe it would be beneficial to the clarity of the financial information provided. If the effect of a new and or an amendment to an existing standard has a material effect, the Company will retrospectively restate comparative information, to the extent practicable and disclose the effect of the restatement affecting prior year comparative information.

c Accounting standards in issue but not yet effective

There are no standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the Company.

d Income and expenses

Income and expenses are included in the Statement of comprehensive income on an accruals basis. Income is recognised to the extent that it is virtually certain that the economic benefit will flow to the Company and income can be reliably measured.

e Cash at bank

Cash and cash equivalents in the Statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

f Issue costs

Issue costs relating to share issues are debited against share capital as required under FRS 102. For the purpose of calculating and publishing the Company's net asset value, issue costs are amortised over three years on a straight line basis.

g Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity is recorded at the amount of proceeds received, net of issue costs. The ordinary shares of the Company meet the definition of a liability because the issuer does not have the unconditional right to avoid delivering cash or another financial asset. However, they have been recognised as equity because the shares represent the residual interest in the net assets of the entity and are considered puttable instruments that give the holder the right to sell that instrument back to the issuer for cash or another financial asset.

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

h Determination of functional currency

Pounds sterling is the currency used to manage the liquidity in order to handle the issue and redemption of the Company's participating shares and accordingly, the Board has determined that the Company's functional and presentation currency is pounds sterling.

i Financial instruments

I Classification

The Company classifies its investments as financial assets at fair value through profit or loss. Investments are classified by the Board of Directors at fair value through profit or loss at inception and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

II Recognition and derecognition

Investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment at fair value of consideration payable with transaction costs being expensed as incurred in the Statement of comprehensive income.

Subsequent to initial recognition, gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the Statement of comprehensive income as ‘net movement in unrealised fair value gain/loss on investments at fair value through profit or loss’ in the year in which they arise. Movements in the fair value of assets as a result of foreign currency movements are also presented in the Statement of comprehensive income as either ‘Net movement in unrealised gain on investments at fair value through profit or loss’ or ‘Net movement in unrealised loss on investments at fair value through profit or loss’. The Company’s policy requires the Investment Manager to re-evaluate the fair value of these financial assets using relevant financial and non-financial information as described in III, below.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Gains or losses are recognised in the Statement of comprehensive income as ‘Realised gain on investments at fair value through profit or loss’ or ‘Realised loss on investments at fair value through profit or loss’ when the financial asset is derecognised. Interest, distributions and dividend elements of such investments are recorded separately under ‘income’.

III Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

When financial instruments are not traded in an active market, the fair value is determined by using appropriate valuation techniques. In valuing investments at fair value, reference is made to the principles detailed in the International Private Equity and Venture Capital Valuation Guidelines (the ‘IPEVCA Guidelines’). The estimate of value considers principally the valuations provided by the Investment Manager/Administrator of each Investee Vehicle into which the Company invests. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11.

j Critical accounting judgements and estimation uncertainty

The preparation of the Financial Statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

The items in the Financial Statements where these estimates have been made include –

Investments at fair value through profit or loss

All investments are classified as investments at fair value through profit or loss. The key source of estimation uncertainty is on the valuation of the managed funds and other securities which are not traded in active markets. In reaching its valuation of the managed funds and other securities, the key judgements that the Board has to make relate to the valuation models and techniques.

k Taxation

The Company is liable to Guernsey income tax at the standard rate of zero percent on its profits.

l Foreign currency

Transactions denominated in foreign currencies are translated into pounds sterling and are recorded at the rate of exchange ruling at the date of transaction.

Monetary assets and liabilities are translated at the Statement of financial position date exchange rate and foreign exchange translation differences are accounted for in the Statement of comprehensive income.

m Debtors

Debtors at the Statement of financial position date are stated at amortised cost.

n Creditors

Creditors at the Statement of financial position date are measured at the transaction price.

3 Administrative expenses

	For the period ended 30 Sep 21 £	For the period ended 30 Sep 20 £
Administration fees	48,922	51,086
Directors' fees	52,500	52,500
Audit fees	24,750	24,300
Custodian fees	23,626	22,018
General expenses	20,271	18,463
	170,069	168,367

4 Investments at fair value through profit or loss

	30 Sep 21 £	31 Mar 21 £
Opening book cost	264,567,664	236,492,395
Payments to acquire investments	77,052,726	290,306,183
Proceeds on sale	(135,362,535)	(395,904,135)
Realised gain on sale	3,506,588	133,673,221
Closing book cost	209,764,443	264,567,664
Net unrealised fair value loss on investments	(107,086,585)	(77,146,570)
Investments at fair value through profit or loss	102,677,858	187,421,094
Decrease in net unrealised fair value loss	(29,940,015)	(127,200,866)
Net unrealised fair value loss on investments at fair value through profit or loss	(29,940,015)	(127,200,866)

5 Debtors and other receivables

	30 Sep 21 £	31 Mar 21 £
Prepaid expenses	22,834	9,297
Sales of investments awaiting settlement	–	50,647,562
	22,834	50,656,859

6 Creditors

	30 Sep 21 £	31 Mar 21 £
Administration fees	6,575	9,764
Audit fees	24,749	34,500
Custody fees	8,234	11,770
General expenses	20,613	14,771
	60,171	70,805

7 Share capital

	30 Sep 21 £	31 Mar 21 £
Issued, called and fully paid share capital		
As at 31 March 2021	276,504,484	295,860,127
Shares issued during the period/year	4,383,673	30,790,015
Shares redeemed during the period/year	(137,176,317)	(50,145,658)
As at 30 September 2021	143,711,840	276,504,484
Number of shares		
As at 31 March 2021	332,133,169	359,026,925
Shares issued during the period/year	4,816,323	36,633,274
Shares redeemed during the period/year	(153,638,622)	(63,527,030)
As at 30 September 2021	183,310,870	332,133,169

The Company's share capital is represented by an unlimited number of redeemable ordinary shares of nil par value, and each share carries one vote at the general meetings of the Company. All shares rank equally and are entitled to dividends should they be declared.

Capital management

The fair value of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date. For the purposes of this disclosure, shares are considered to be capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally-imposed capital requirements on the Company.

The Company may borrow to meet any drawdown demand from an Investee Vehicle or funding obligation for a Direct Investment within the time limits set out in such demand where it does not have sufficient liquid assets to meet such demand and for the purpose of intra-day settlement. The Company may arrange an overdraft facility for such purposes. The Company may pledge or otherwise grant security over its assets in connection with such borrowings. Other than borrowing to meet any such draw down demand, funding obligation and for intra-day settlement, no borrowing is permitted at the Company level.

Shareholders may liquidate their investments in the Company on the last business day in each calendar month (the 'Valuation Date'). Redemption requests must be received no later than 5:00pm Guernsey time two months prior to the Valuation Date in respect of which the redemption request is made. The Directors may agree in their sole discretion to a shorter notice period either generally or in a particular case.

In the event that redemption requests are received for any dealing day which would give rise to aggregate redemption proceeds of more than 10% of the Net Assets of the Company as of such date, the Directors may reduce all redemption requests pro rata and carry out only redemptions which, in aggregate, amount to 10% (or more at the discretion of the Directors) of the Net Assets of the Company. Any shares which are not redeemed will, as a priority, be redeemed on the next following Valuation Date.

Refer to Financial instruments and risk management objectives and policies (Note 9) for the policies and processes applied by the Company in managing its risks regarding capital preservation.

8 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions so as to obtain benefits from its activities or is a member of its key management personnel.

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities.

The basic fee payable to the Chairman is £25,000 (2020: £25,000) per annum, while the other Directors are entitled to £20,000 (2020: £20,000) per annum. None of the Directors or the Chairman has an entitlement to a pension or other benefits.

During the period to 30 September 2021, Directors' fees of £52,500 (30 September 2020: £52,500) were charged to the Company as shown in Note 3 of which £nil (31 March 2021: £nil) remained payable at period end as shown in Note 6. There were no material contracts with any of the Directors, or contracts for provision of services subsisting during the period, to which the Company was a party.

The Company has appointed Ruffer AIFM Limited, a subsidiary of Ruffer LLP, a privately owned business registered in England and Wales as a limited liability partnership, to act as the Company's Investment Manager (the 'Investment Manager'). Ruffer AIFM Limited is authorised and regulated by the UK Financial Conduct Authority to perform the regulated activity of managing the unauthorised Alternative Investment Fund.

The Investment Manager has been appointed as alternative investment manager to the Company by the Alternative Investment Fund Services Agreement dated 29 June 2015. Under this agreement, the Investment Manager agrees to perform various management duties. These include seeking out and evaluating investment opportunities, monitoring and analysing the performance of the Company's investments, liaising with the Administrator, attending board meetings of the Company as required and undertaking adequate due diligence into proposed investments. This agreement is terminable by either party on twelve months' notice (such notice to be served not earlier than two years after the date of the agreement) or for breach or on insolvency.

9 Financial instruments and risk management objectives and policies

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Company is exposed to market risk (which includes interest rate risk and foreign exchange risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Company's Investment Manager is responsible for identifying and controlling investment risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Company.

Prior to making an investment on behalf of the Company, and on an ongoing basis thereafter, the Investment Manager performs appropriate due diligence, which includes an assessment of the valuation methodology adopted by the underlying investment and its own operational processes and controls. The Board of Directors approves the underlying investment valuations.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as price, interest rates and foreign exchange rates.

The Company has a significant exposure to market risks by virtue of the nature of its business. The Company seeks to manage this exposure by ensuring appropriate due diligence in selecting investments and engages in an ongoing monitoring process of its investments.

Price risk

Price risk is the risk that the value of a security or investment will decrease due to factors such as earnings volatility, poor business management and other market price changes. The Investment Manager manages price risk through portfolio diversification. The Company does not use hedging to manage price risk.

Were the market prices to move by 20%, this would result in an increase/decrease of £20,535,572 (March 2021: £37,484,219).

Interest rate risk

Floating rate financial assets comprise the cash balances which bear interest at rates based on bank base rates. The Company could be subject to exposure on those assets which are interest-bearing, however during the current period, the Company did not have any interest bearing investments other than cash, the interest on which was immaterial in nature and therefore no sensitivity analysis was disclosed.

Digital asset risk

The cryptocurrency market has emerged in the last twelve years and is subject to technical protocol development and infrastructure risks. Cryptocurrency prices fluctuate pursuant to investment supply and demand, crypto protocol security and controls, and global political and economic factors. While all investments risk the loss of capital, investments in crypto and crypto-related assets, such as cryptocurrencies and tokens, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than many other investment opportunities. It should be noted that the Company was indirectly exposed to digital asset risk via its investments and that these assets have since been fully redeemed following the end of the financial period.

Foreign exchange risk

Foreign exchange risk is the market risk that the fair value of future cash flows of financial instruments will fluctuate because of a change in foreign exchange rates. During the period, the Company was exposed to foreign exchange risk arising from currency exposures, primarily where investments, cash and cash equivalents are denominated in a currency different to the reporting currency. The Investment Manager has the power to manage exposure to currency movements by using forward foreign currency contracts. As at 30 September 2021, the Company had no open forward foreign currency contracts (31 March 2021: nil).

The Company's exposure to foreign currencies at the period/year end is set out below –

		30 Sep 21		31 Mar 21	
	Currency exposure	Local currency	£ equivalent	Local currency	£ equivalent
Investments at fair value through profit or loss	USD	83,127,741	61,651,448	194,697,505	141,115,826
Cash at bank	USD	5,038	3,737	5,163	3,742
Securities sold receivable	USD	–	–	70,000,000	50,647,562
			61,655,185		191,767,130

As at 30 September 2021, the Company had significant exposure to US Dollar as a result of financial assets designated at fair value through profit or loss. The table below shows the effect on NAV and profit/loss for the period/year if the foreign currencies strengthened/weakened against pounds sterling by 5% with all other variables held constant.

	As at 30 Sep 21		As at 31 Mar 21	
	Strengthened £	Weakened £	Strengthened £	Weakened £
USD	3,082,759	(3,082,759)	9,588,357	(9,588,357)

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full an amount when due. The Company's maximum exposure to credit risk is represented by the carrying value of its current assets on the Statement of financial position amounting to £54,994,404 (31 March 2021: £130,202,755). There are no aged debts within debtors.

The Company's Custodian and banker is Northern Trust (Guernsey) Limited, a wholly owned subsidiary of The Northern Trust Corporation which has a credit rating of A+ (31 March 2021: A+) from Standard & Poor's and A2 (31 March 2021: A2) from Moody's. The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the Company's right of ownership is clear and they are, therefore, protected. However, the Company's cash balances, which are all held with the Custodian, may be at risk in this instance as the Company would rank alongside other creditors of the Custodian.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities. The Company invests primarily in investee vehicles which invest in assets that have been distorted by the abundance or shortage of liquidity, or directly invests in such assets and as such there is a lack of an active market for those investments.

The Company manages its liquid assets to ensure that it has sufficient cash to satisfy valid redemption requests as defined in Note 7. When the demand for redemptions exceeds the level of available cash resources, it will be necessary to make redemption requests in respect of Investee Vehicles. All of the Investee Vehicles have shorter redemption cycles than the Fund, so in the normal course of business the Fund should always be able to meet all redemption requests. But there can be no guarantee that underlying Investee Vehicles will satisfy such redemption requests. There is therefore the risk that redemptions of shares may therefore be restricted or suspended and/or payment of redemption proceeds may be delayed as outlined in Note 7. However, the Company may borrow to meet any such obligation where it does not have sufficient liquid assets to meet such demand. The Company may also borrow for the purpose of intra-day settlement. The Company may arrange an overdraft facility for such purposes.

As at 30 September 2021, the Company's current financial liabilities are its payables which mature in less than 12 months and therefore, a maturity analysis has not been presented.

10 Ultimate controlling party

The issued shares of the Company are owned by a number of parties with no single party having a controlling interest in the Company. In the opinion of the Directors, the Company does not have an ultimate controlling party.

11 Fair value of financial instruments

The Company invests in managed funds and other securities that do not have readily assessable market values. In this instance, investments are valued at fair value, which is principally based on the Company's share of the NAV published by the underlying administrator or manager. The Investment Manager reviews the methods and policies used by the underlying administrators and managers to price underlying investments as well as the published NAVs. In addition, the Investment Manager reviews any recent events that may have an impact on the value of such security and/or any other available assessment.

The Directors consider the Investment Manager's analysis and views and adjust NAV, where necessary, to derive fair values that are supported by market evidence as well as using unobservable information. Such adjustments also reflect the effect of the time passed since the calculation date, liquidity risk, transaction activity or other factors, see Note 2 (i)III.

Portfolio investments may have underlying investments in or exposure to a range of credit instruments, including but not limited to, credit default swaps, bonds, credit-linked notes and similar instruments. The fair values of the structured credit investments in such instruments are calculated using a number of methods, including broker quotes and valuation models which are accepted in the industry. The valuations incorporate both observable and non-observable data.

The NAVs may be unaudited or estimated at the date of these Financial Statements. The Company bases its assumptions and estimates on parameters available when the Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The fair values applied do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future circumstances that cannot be reasonably determined at this time. Because of the inherent uncertainty of valuations, estimated fair values may be materially higher or lower than the values that would have been used in different market conditions.

The Directors have concluded that no adjustments are required to those investments whose value is derived from a NAV at the end of the period. The total value of investments being measured based on NAV at 30 September 2021 is £102,677,858 (31 March 2021: £187,421,094).

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on –

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

– those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2) and
– those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial assets at fair value through profit or loss

	Level 1 £	Level 2 £	Level 3 £	As at 30 Sep 21 total £
Investments	–	–	102,677,858	102,677,858
	–	–	102,677,858	102,677,858

Financial assets at fair value through profit or loss

	Level 1 £	Level 2 £	Level 3 £	As at 31 Mar 21 total £
Investments	–	–	187,421,094	187,421,094
	–	–	187,421,094	187,421,094

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the period/year.

	For the period ended 30 Sep 21 £	For the year ended 31 Mar 21 £
Opening balance	187,421,094	286,546,691
Purchases	77,052,726	290,306,183
Net movement in unrealised loss on investments at fair value through profit or loss	(29,940,016)	(127,200,866)
Net movement in realised gain on investments at fair value through profit or loss	3,506,588	133,673,221
Sale proceeds	(135,362,534)	(395,904,135)
Closing balance	102,677,858	187,421,094

For the period ended 30 September 2021, there was a realised gain of £3,506,588 (31 March 2021: gain of £133,673,221) incurred on financial instruments categorised within Level 3.

There have been no transfers between levels during the period.

12 Reconciliation of reported net asset value to net asset value per Financial Statements

	For the period ended 30 Sep 21 £	For the year ended 31 Mar 21 £
Reported Net Asset Value (in pence)	86.07	95.30
Adjustments due to		
Difference between final value of investments and estimate used for valuation purposes	(0.09)	0.02
Shareholders' equity per Financial Statements (in pence)	85.98	95.32

13 Basic loss per share

The loss per share has been calculated on a weighted average basis and is arrived at by dividing the total return for the period by the weighted average number of equity shares in issue.

	For the period ended 30 Sep 21	For the period ended 30 Sep 20
Total comprehensive loss for the period (£)	(26,197,705)	(67,357,897)
Total weighted shares	277,014,224	293,323,256
Basic loss per redeemable ordinary share (in pence)	(9.46)	(22.96)

14 Subsequent events

Management has evaluated subsequent events up to 30 November 2021, which is the date that the Financial Statements were available to be issued.

No other significant events have occurred after the Statement of financial position date in respect of the Company that may be deemed relevant to the accuracy of these Financial Statements.

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