# Ruffer's struggles raise questions about its contrarian investment strategy



Ruffer, a boutique investment house established in 1994 by Jonathan Ruffer, Robert Shirley, the 14th Earl Ferrers, and Jane Tufnell, has garnered a reputation for its contrarian investment strategies, which it markets as “deliberately different.” However, recent financial performance has raised concerns among investors as the firm's results have disappointed compared to traditional cash investments, particularly over the past two years.

The company’s foundational strategy hinged on the anticipation of a downturn in the US stock market. Despite these predictions aligning with a minority viewpoint—only 30% of fund managers in a recent Bank of America survey echoed Ruffer's concerns—the US equity market demonstrated resilience in 2023, avoiding a recession amid inflation and rising interest rates. While the S&P 500 index posted gains exceeding 20% during that year, Ruffer's flagship Total Return fund reported a decline of 6.3%. This poor showing persisted into the following year with an additional drop of 1.8%.

Jonathan Ruffer, who serves as the firm's chair and is known for his philanthropic contributions, maintains a belief in the eventual validation of his firm’s strategy. In the firm’s investment review from January, he affirmed, “It is not by accident that we still have a portfolio which can take full advantage of a system shock of some magnitude.” Ruffer has positioned itself as an “absolute return” fund aimed at preserving wealth, yet it has failed to meet its goal of outperforming cash returns during periods of market instability.

Despite a storied past of robust performance during historical crises—such as delivering a return of 16.8% in 2000 during the dotcom bubble and 16.7% in 2020 amidst the Covid pandemic—Ruffer's recent record has prompted scrutiny. The firm's Total Return fund has underperformed significantly in years where the Bank of England's base rates averaged 4.7% and 5.1%, leaving investors questioning the effectiveness of its strategy.

With over £19.5 billion in assets managed across nine funds, including the £1.7 billion Total Return product, Ruffer has carved a niche for itself among affluent investors. Nevertheless, critiques emerge that the firm has suffered from a “super bear” approach, as expressed by Ben Yearsley, managing director at consultancy Fairview, who noted a disconnect in Ruffer’s macroeconomic predictions concerning the US economy.

Investment decisions at Ruffer have transitioned from the firm's original co-founders to a new leadership team, now led by Chief Investment Officer Henry Maxey and co-Chief Investment Officer Neil McLeish. The firm has shifted its strategies, incorporating more defensive positions in gold and long-dated inflation-linked bonds, as well as holding substantial cash reserves, reportedly over ten per cent of the Total Return fund.

However, this defensive posture has not prevented financial setbacks; Ruffer Investment Company reported that 2023 was one of the most challenging years in its history. Peter Sleep, a fund manager at Callanish, remarked on the unexpected poor return despite Ruffer's apparent cash and bond holdings.

The investment landscape for Ruffer has been further complicated by internal changes, including workforce reductions amounting to over 30 roles and the departure of Duncan MacInnes, a prominent fund manager. The firm has also sought to disentangle itself from Crispin Odey, a former investor facing serious allegations of misconduct, an issue that has loomed over the firm amid its challenges.

In light of ongoing difficulties and performance concerns, some investors have begun to withdraw funds. Seven Investment Management, for instance, announced it would be pulling out £1.1 million from Ruffer's Total Return amid a broader reevaluation of its investment strategy.

Ruffer’s forthcoming changes, including the anticipated retirement of Jonathan Ruffer, are being watched closely, as stakeholders sense his departure will signify a shift for the investment house. The current managerial team remains optimistic, recently reporting a modest gain of 3.8% for the Total Return fund in early 2025, with projections suggestive of an opportunity for recovery in value with a market correction.

In summation, while Ruffer has a historic legacy of managing wealth through turbulent financial periods, its recent performance has raised questions about its strategic direction, adaptability, and overall competitiveness in the investment sector.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.morningstar.co.uk/uk/news/AN_1731660963218725100/ruffer-investment-grapples-with-october-market-volatility.aspx> - This article discusses Ruffer's challenges in October 2023, including a decline in net asset value and share price, reflecting broader market volatility. It highlights Ruffer's adjustments to its portfolio in response to market conditions.
* <https://www.investmentweek.co.uk/news/4396393/ruffer-suffering-painful-moment-posts-nav-total-return-2024> - This piece covers Ruffer's recent financial performance, noting a 0% NAV total return for the year ending December 2024 and a decline in share price returns. It discusses the firm's strategic challenges and investor concerns.
* <http://www.rns-pdf.londonstockexchange.com/rns/5054T_1-2025-1-15.pdf> - This document provides Ruffer Investment Company's financial highlights and performance review for the period ending December 2024. It details the company's NAV and share price returns, along with strategic adjustments and market outlook.
* <https://www.noahwire.com> - This source provides general information about Ruffer's recent performance and strategic challenges, although specific details are not available from this link alone.
* <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance> - While not directly related to Ruffer, this document provides broader financial context by discussing federal financial assistance guidelines, which can influence investment environments.