



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

FEBRUARY 2015

ISSUE 117

Share price as at 27 Feb 2015

224.00p

NAV as at 27 Feb 2015

Net Asset Value (per share)

218.87p

Premium/discount to NAV

As at 27 Feb 2015

2.3%

NAV total return¹

Since inception

161.4%

Portfolio analytics² %

Standard deviation 1.91

Maximum drawdown -7.36

¹Including 25.9p of dividends

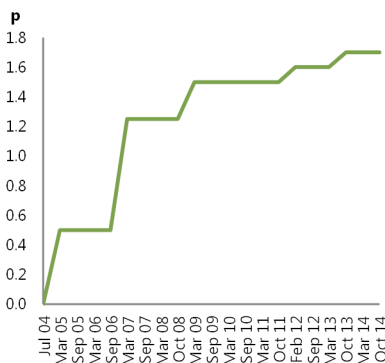
²Monthly data (Total Return NAV)

Percentage growth in total return NAV

31 Dec 2013 – 31 Dec 2014	1.8
31 Dec 2012 – 31 Dec 2013	9.5
31 Dec 2011 – 31 Dec 2012	3.4
31 Dec 2010 – 31 Dec 2011	0.7
31 Dec 2009 – 31 Dec 2010	16.5
31 Dec 2008 – 31 Dec 2009	15.1
31 Dec 2007 – 31 Dec 2008	23.8

Source: RAIFM

Dividend history



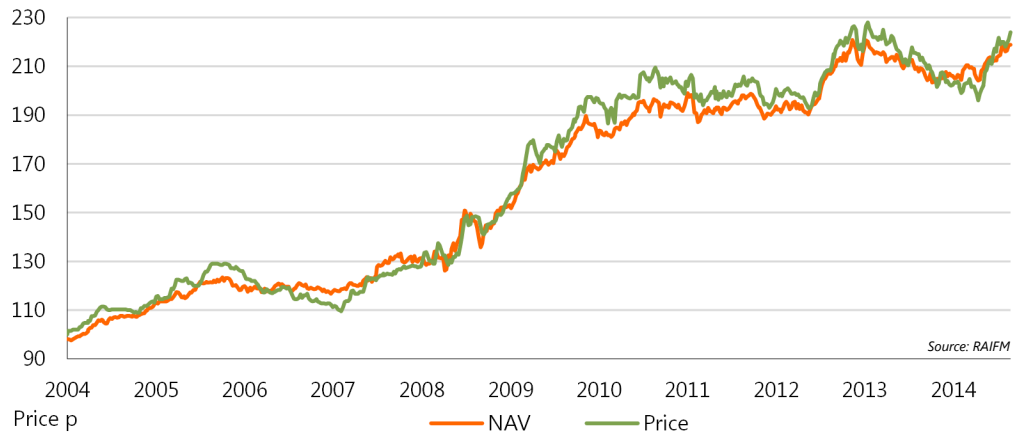
Source: RAIFM. Dividends are paid twice yearly. Please see overview for ex-dividend dates.

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.

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 Bank Rate by investing predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

RIC performance since launch on 8 July 2004



Source: RAIFM

Investment report

The net asset value was 218.9p as at 27 February, representing a rise of 0.5% during the month. The FTSE All-Share total return index rose by 3.7% over the same period.

Much noise has been made about the FTSE 100 index passing its previous peak of December 1999. This seems far from a boast given that most other major equity indices and any investor worth his salt passed this watermark long ago. It is worrying to see salespeople bullishly hail 'Invest your ISA with us – market at all time highs!' while for many it is a reason to be cautious, not least given relative economic growth rates and the highly accommodative stance of central banks.

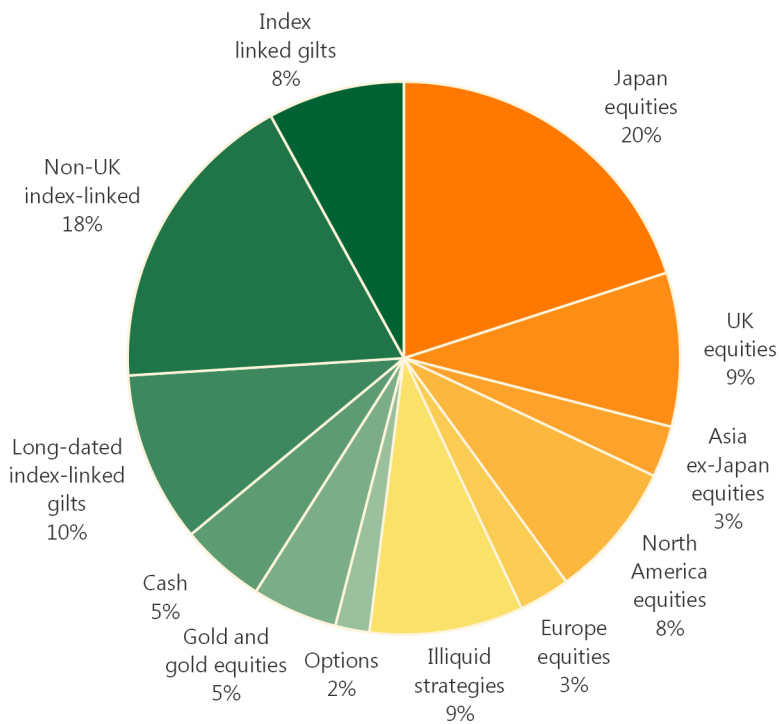
Within our multi-asset portfolio equities were also the best performers this month. UK equities contributed 63bps, with our two copper stocks up 18-20% and ICAP, the inter-dealer broker, rose 15% during the month. European equities also performed well adding 23bps, but it was Japanese stocks which made the largest contribution, adding 222bps; the TOPIX was up 7.7% during the month. Japanese financials, which had previously lagged the market, were the top performers and our two biggest positions in SMFG and MUFJ were up 19% and 23% respectively. We added to these positions from November through to late January and we are now comfortably in profit. As a reminder, Japanese banks are well capitalised having completed their deleveraging cycle and are in a position to lend unlike their western peers. They should be prime beneficiaries of a pick-up in the credit cycle and a continuation of the economic revival taking place in the country. Further afield, results season in Japan has now drawn to a close. We feared that short term results might disappoint given the tough comparators from a year ago, when there had been a ramp-up in demand prior to the sales tax rise.

Companies surprised positively in this respect and many continue to perform well and, importantly for us, shareholder returns through dividends and buybacks rose from what were already record levels. All eyes will now look forward to the *shunto* (annual wage negotiations) over the next few weeks. Indications of a tight labour market bode well for employees and some companies are reporting labour shortages – where else could you find a shortage of truck drivers? Wage growth is a key part of the jigsaw of Abenomics and Japan's bid to escape deflation permanently. Of course, there are always some detractors from performance and this month it was our long dated linkers (-110bps) and gold (-19 bps) which posted negative returns.

The changes in the portfolio which we had started to implement at the end of January were completed in early February. The dollar exposure has been hedged down to 7% and the yen exposure increased to 17%. This is partly a profit taking exercise (the dollar appreciated by 12% against sterling in the seven months to the end of January when we had exposure of more than 20%), but it is also an indication that as we have reduced our equity exposure (currently 42%), but left Japan untouched, the yen provides a better offset to the equity book. It is also cheaper than the dollar on a PPP (Purchasing Power Parity) basis.

Looking forward, we continue to keep a lid on our equity weightings in the Company and we have added to the protective investments. If we can continue to see steady progress in the net asset value while maintaining this position then that will be a satisfactory outcome, but as ever the battleground is in ensuring that the protective armoury is in the right place.

Portfolio structure as at 27 Feb 2015



Source: RAIFM

Ten largest holdings* as at 27 Feb 2015

Stock	% of fund
1.25% Treasury index-linked 2055	5.5
1.875% Treasury index-linked 2022	4.9
0.375% Treasury index-linked 2062	4.1
US Treasury 0.625% TIPS 2021	4.1
US Treasury 0.125% TIPS 2023	3.7
US Treasury 0.375% TIPS 2023	3.4
US Treasury 1.125% TIPS 2021	3.3
1.25% Treasury index-linked 2017	3.0
Sumitomo Mitsui Financial Group	2.6
Gold Bullion Securities	2.6

Five largest equity holdings* as at 27 Feb 2015

Stock	% of fund
Sumitomo Mitsui Financial Group	2.6
T&D Holdings	2.2
Mizuho Financial	2.1
Mitsubishi UFJ Finance	2.1
NTT Data Corporation	1.6

*Excludes holdings in pooled funds

Source: RAIFM

NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£337.3m (27 Feb 2015)
Shares in issue	154,113,416
Market capitalisation	£345.2m (27 Feb 2015)
No. of holdings	58 equities, 10 bonds (27 Feb 2015)
Share price	Published in the Financial Times
Market makers	Canaccord Genuity Cenkos Securities Numis Securities JPMorgan Cazenove Winterflood Securities

Company information

Company structure	Guernsey domiciled limited company
Share class	£ sterling denominated preference shares
Listing	London Stock Exchange
NMPI status	Excluded security
Wrap	NISA/SIPP qualifying
Discount management	Share buyback Discretionary redemption facility
Investment Manager	Ruffer AIFM Limited
Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited
Custodian	Northern Trust (Guernsey) Limited
Ex dividend dates	March, September
Stock ticker	RICA LN
ISIN	GB00B018CS46
SEDOL	B018CS4
Total Expense Ratio	1.18%
Charges	Annual management charge 1.0% with no performance fee

Enquiries

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Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 27 February 2015, assets managed by the group exceeded £18.2bn.



HAMISH BAILLIE Investment Director

Joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009 and is a director of Ruffer (Channel Islands) Limited. As well as acting as the lead manager on the Ruffer Investment Company he also manages investment portfolios for individuals, trusts, charities and pension funds. He is a member of the Chartered Institute for Securities & Investment and a graduate of Trinity College Dublin.



STEVE RUSSELL Investment Director

Started as a research analyst at SLC Asset Management in 1987, where he became Head of Equities in charge of £5bn of equity funds. In 1999 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in 2003. He became a non-executive director of JPMorgan Fleming Continental Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund and the Ruffer Investment Company.