



**NOVEMBER 2014**

ISSUE 114

**Share price as at 28 Nov 2014**

**211.50p**

**NAV as at 28 Nov 2014**

Net Asset Value (per share)

**213.29p**

**Premium/discount to NAV**

As at 28 Nov 2014

**-0.8%**

**NAV total return<sup>1</sup>**

Since inception

**154.8%**

**Portfolio analytics<sup>2</sup>**

%

Standard deviation 1.92

Maximum drawdown -7.36

<sup>1</sup>Including 25.9p of dividends

<sup>2</sup>Monthly data (Total Return NAV)

**Percentage growth in total return NAV**

30 Sep 2013 – 30 Sep 2014 -0.6

30 Sep 2012 – 30 Sep 2013 11.7

30 Sep 2011 – 30 Sep 2012 2.3

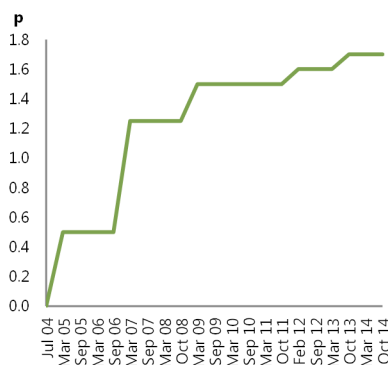
30 Sep 2010 – 30 Sep 2011 5.6

30 Sep 2009 – 30 Sep 2010 12.3

30 Sep 2008 – 30 Sep 2009 30.3

Source: RAIFM

**Dividend history**



Source: RAIFM. Dividends are paid twice yearly. Please see overleaf 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.**

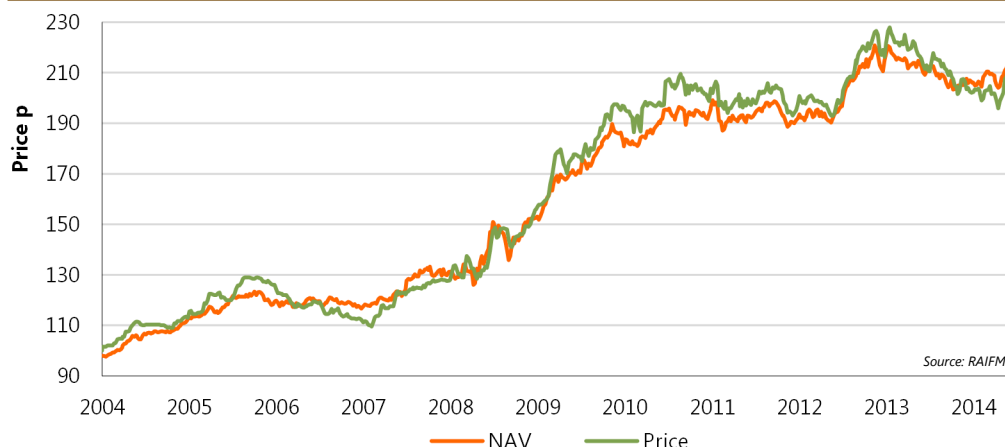
# RUFFER INVESTMENT COMPANY LIMITED

*An alternative to alternative asset management*

## 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

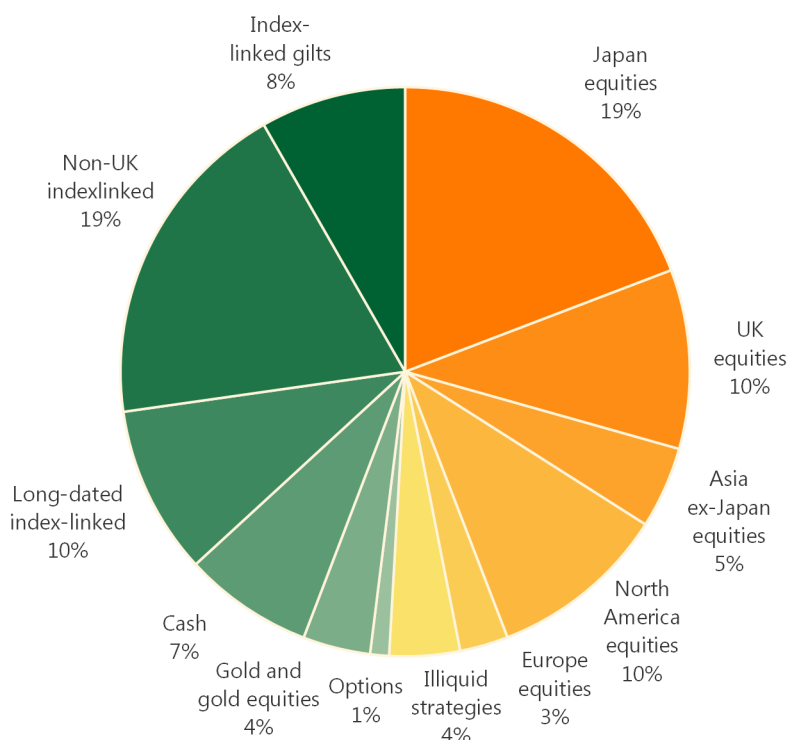
The net asset value at 28 November was 213.3p, representing a rise of 2.4% during the month.

The rise in the share price was 5.5%. The FTSE All-Share total return index rose by 2.9%.

It has been an eventful month with a snap election being called in Japan and the decline in the oil price gathering pace; Brent Crude fell 19% and is now 40% below its June high. These events have had a positive impact on our equity exposure which contributed 145bps to the return. Our direct exposure to oil stocks is limited to a holding in BP whose share price *only* declined by 5% once the dividend is allowed for. Also the falling oil price has fuelled the prospects of a disinflationary boom for many other stocks in the belief that interest rates can remain lower for longer and consumers will have more money in their pockets to spend. Nowhere was this more keenly felt than in Japan. Wal-Mart has also been a prime beneficiary and we have been taking profits in this holding. Somewhat counterintuitively index-linked gilts also performed well in this environment (+87bps) and indeed they have done so throughout 2014 in spite of falling inflation expectations. This serves as a useful illustration of the fact that linker prices are driven by real interest rate expectations rather than inflation per se. The ultra-long-dated linkers in the UK are up more than a quarter this year – not an investment for the faint hearted.

It has been a typically eccentric year for Ruffer in terms of the shape of the returns. We struggled to make money in the first four months when the going appeared reasonably fair (January's market fall aside) but our portfolio was held back by sterling strength and weakness in Japanese equities. For the last seven months we have produced a NAV total return of 6% when the UK market is only up 1.3%. A steady month through the volatility of October helped as did better returns from all our equities, foreign currency exposure and index-linked bonds. It is pleasing to see the portfolio again producing the sort of returns we expect, but there is no room for complacency. The disinflationary effect of the falling oil price has had the effect of a rising tide which is floating all boats. Many equities benefit from lower costs or the oil 'tax cut' effect on consumers. Bonds benefit from the expectation that interest rate rises are pushed back. Such correlations rarely last and rarely end well. Our job is to capture as much of this as we dare, but knowing that life will not be benign forever we must take profits along the way and make sure that our portfolio offsets are positioned correctly. Our option book served its purpose in October and may have an important role to play again in the future. On that note – Happy Christmas!

## Portfolio structure as at 28 Nov 2014



Source: RAIFM

## Ten largest holdings as at 28 Nov 2014

Stock	% of fund
1.25% Treasury index-linked 2017	6.9
1.25% Treasury index-linked 2055	5.5
US Treasury 0.625% TIPS 2021	4.1
0.375% Treasury index-linked 2062	4.1
US Treasury 0.125% TIPS 2023	3.7
US Treasury 0.375% TIPS 2023	3.4
US Treasury 1.125% TIPS 2021	3.4
Gold Bullion Securities	2.5
CF Ruffer Japanese Fund	2.5
US Treasury 2.125% TIPS 2041	2.3

## Five largest equity holdings\* as at 28 Nov 2014

Stock	% of fund
Sumitomo Mitsui Financial Group	2.2
Mitsubishi UFJ Finance	2.2
T&D Holdings	2.1
Lockheed Martin	2.0
BP	1.8

\*Excludes holdings in pooled funds

Source: RAIFM

<b>NAV valuation point</b>	Weekly – Friday midnight Last business day of the month
<b>NAV</b>	£328.5m (28 Nov 2014)
<b>Shares in issue</b>	154,013,416
<b>Market capitalisation</b>	£325.7m (28 Nov 2014)
<b>No. of holdings</b>	64 equities, 14 bonds (28 Nov 2014)
<b>Share price</b>	Published in the Financial Times
<b>Market makers</b>	Canaccord Genuity Cenkos Securities   Numis Securities JPMorgan Cazenove   Winterflood Securities



### 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.

## Company information

<b>Company structure</b>	Guernsey domiciled limited company
<b>Share class</b>	£ sterling denominated preference shares
<b>Listing</b>	London Stock Exchange
<b>NMPI status</b>	Excluded security
<b>Wrap</b>	NISA/SIPP qualifying
<b>Discount management</b>	Share buyback Discretionary redemption facility
<b>Investment Manager</b>	Ruffer AIFM Limited
<b>Administrator</b>	Northern Trust International Fund Administration Services (Guernsey) Limited
<b>Custodian</b>	Northern Trust (Guernsey) Limited
<b>Ex dividend dates</b>	March, September
<b>Stock ticker</b>	RICA LN
<b>ISIN</b>	GB00B018CS46
<b>SEDOL</b>	B018CS4
<b>Total Expense Ratio</b>	1.15%
<b>Charges</b>	Annual management charge 1.0% with no performance fee
<b>Enquiries</b>	Tel +44 (0)20 7963 8254 Ruffer AIFM Ltd 80 Victoria Street London SW1E 5JL Fax +44 (0)20 7963 8175 rif@ruffer.co.uk www.ruffer.co.uk

## Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 November 2014, assets managed by the group exceeded £17.7bn.