



# RUFFER INVESTMENT COMPANY LIMITED

*An alternative to alternative asset management*

**NOVEMBER 2013**

ISSUE 102

**Share price as at 29 Nov 2013**

**215.50p**

**NAV as at 29 Nov 2013**

Net Asset Value (per share)

**212.42p**

**Premium/(discount) to NAV**

As at 29 Nov 2013

**1.4%**

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

Since inception

**149.6%**

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

Standard deviation 1.97

Maximum drawdown -7.36

<sup>1</sup>Including 20.8p of dividends

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

**Percentage growth in total return NAV**

30 Sep 2012 – 30 Sep 2013 11.7

30 Sep 2011 – 30 Sep 2012 2.3

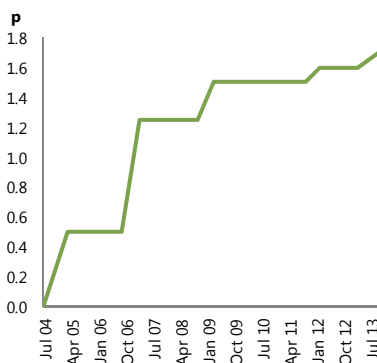
30 Sep 2010 – 30 Sep 2011 5.6

30 Sep 2009 – 30 Sep 2010 12.3

30 Sep 2008 – 30 Sep 2009 30.3

Source: Ruffer LLP

**Dividend history**



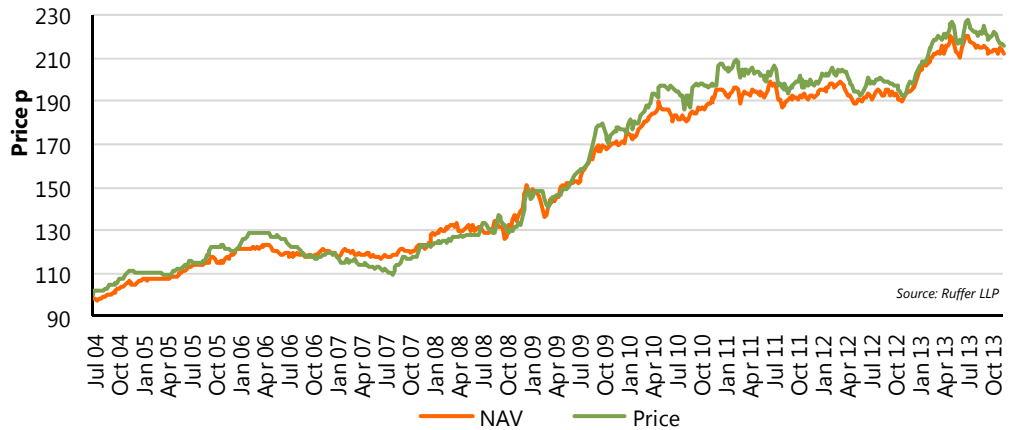
Source: Ruffer LLP. Dividends are paid twice yearly. Please see overleaf for ex-dividend dates.

**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.**

## 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: Ruffer LLP

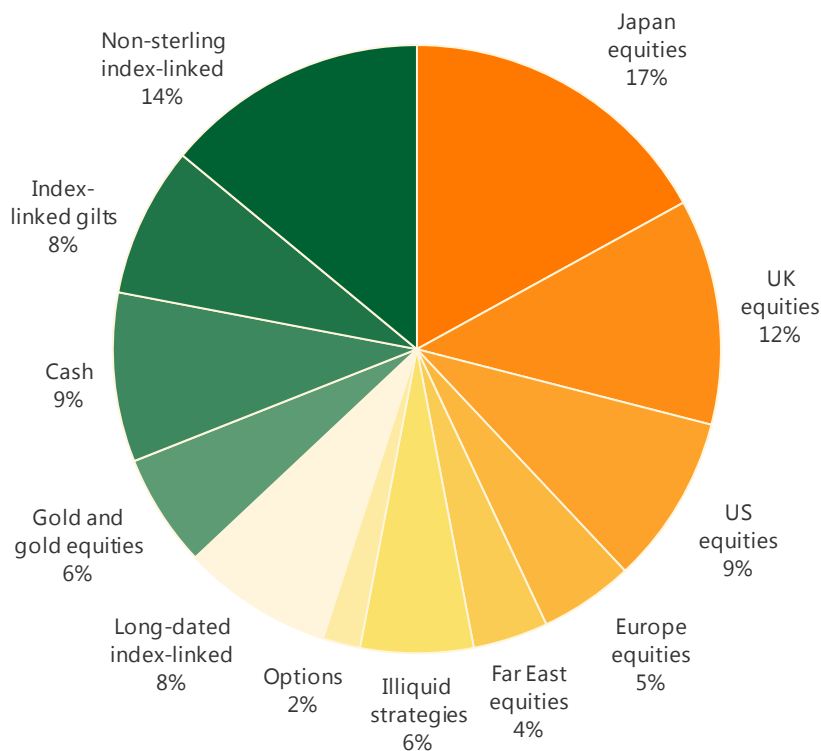
## Investment report

The net asset value at 30 November was 212.4p. This represents a fall of 0.7% during the month. The FTSE All-Share Total Return index fell by the same amount.

Sterling continued its strong run during November. Whilst our yen exposure is hedged, a small amount was given back in the portfolio's US dollar exposure. The weaker yen (down 4.2% against the dollar during the month) helped the Japanese equities in the portfolio; the Nikkei was up 9% (back to its high of May 2013 and up 66% over 12 months) and Japanese equities were the portfolio's best performers. While a weaker yen is desirable for corporate Japan, one of the side effects of improved competitiveness is that it adds to the deflationary pressures in western economies. The effects can be seen in inflation expectations, which remain subdued, and by extension there is less investor demand for inflation-protected assets. Despite this apathy we continue to believe that index-linked bonds have a valuable role to play in our asset allocation. Central banks have spent five years fighting tooth-and-nail against deflation and a *volte-face* at this juncture would severely undermine the credibility of those institutions. It would also be politically unpalatable. Should deflationary pressures continue to mount then the likely response will be to do more of the same (ie loosen monetary policy) rather than change tack. For that reason deflation protection is provided by the Federal Reserve and Bank of England and the responsibility is on us to protect investors from the inflationary risks.

Looking back over the year it could be said to have been a satisfactory one for the Ruffer Investment Company; so far we have produced a NAV total return of 9.6%, which is within touching distance of our long term average of 10.2% per annum since inception. In a year when it has been comparatively easy to make money in risk assets, a plodding pace in line with what we have done for the last nine years does not seem like a boast. However, this year's return has been achieved with less than half our money in equities, which have had to fight hard to make up for tomorrow's insurance policies. To be respectable absolute return investors we need to be able to make money in both good and bad times and the result is that we will usually lag a sharply rising market. Nick Carn recently wrote '... there is nothing wrong with a bubble economy as it bubbles along. The prosperity is not imaginary; the champagne one is drinking is real. The trouble is the hangover.' Today's world may not feel like the giddy heights of the pre-crisis era and perhaps Prosecco is selling better than Champagne, but this equity market rise is built on similar foundations to those which brought about the financial crisis – namely artificially low interest rates. The less-than-cheerful festive message to our investors is that our protective investments, whilst out of favour, are as essential today as they ever have been.

## Portfolio structure as at 29 Nov 2013



Source: Ruffer LLP

## Ten largest holdings as at 29 Nov 2013

Stock	% of fund
1.25% Treasury index-linked 2017	7.0
1.25% Treasury index-linked 2055	5.2
Gold Bullion Securities	4.0
US Treasury 0.625% TIPS 2021	3.9
US Treasury 1.625% TIPS 2018	3.8
0.375% Treasury index-linked 2062	3.2
US Treasury 0.125% TIPS 2022	3.0
T&D Holdings	2.8
US Treasury 2.125% TIPS 2041	2.5
CF Ruffer Japanese Fund	2.3

## Five largest equity holdings\* as at 29 Nov 2013

Stock	% of fund
Gold Bullion Securities	4.0
T&D Holdings	2.8
BP	2.1
IBM	1.9
Japan Residential Investment Company	1.7

\*Excludes holdings in pooled funds

Source: Ruffer LLP

### NAV valuation point

Weekly – Friday midnight  
Last business day of the month

### NAV

£324.8m (29 Nov 2013)

### Shares in issue

152,913,416

### Market capitalisation

£329.5m (29 Nov 2013)

### No. of holdings

61 equities, 9 bonds (29 Nov 2013)

### 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

### Settlement

CREST

### Wrap

ISA/SIPP qualifying

### Discount management

Share buyback  
Discretionary redemption facility

### Investment Manager

Ruffer LLP

### 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

### Charges

Annual management charge 1.0%  
with no performance fee

### Enquiries

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### Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2013, assets managed by the group exceeded £16.1bn.



### HAMISH BAILLIE Investment Director

Joined Ruffer 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 moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in September 2003. Became a non-executive director of JPMorgan European Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.