



OCTOBER 2013

ISSUE 101

Share price as at 31 Oct 2013

221.75p

NAV as at 31 Oct 2013

Net Asset Value (per share)

213.90p

Premium/(discount) to NAV

As at 31 Oct 2013

3.7%

NAV total return¹

Since inception

151.4%

£ Statistics since inception %

Standard deviation² 1.98

Maximum drawdown³ -7.36

¹Including 20.8p of dividends

²Monthly data (Total Return NAV)

³Monthly 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

Six monthly return history

Date	NAV (p)	TR NAV* (p)	% Total return
30 Jun 13	215.0	245.6	10.1
31 Dec 12	196.8	223.1	3.4
30 Jun 12	191.9	215.8	0.0
30 Dec 11	193.5	215.8	-0.3
30 Jun 11	195.6	216.5	1.0
31 Dec 10	195.2	214.4	7.8
30 Jun 10	182.6	198.9	8.1
31 Dec 09	170.3	184.0	12.6
30 Jun 09	152.6	163.3	2.2
31 Dec 08	150.9	159.8	16.0
30 Jun 08	131.3	137.7	6.7
31 Dec 07	124.2	129.0	7.5
29 Jun 07	116.7	120.0	-1.4
29 Dec 06	119.6	121.7	0.6
30 Jun 06	119.4	121.0	-0.5
30 Dec 05	120.5	121.6	7.9
30 Jun 05	112.2	112.7	5.6
31 Dec 04	106.7	106.7	8.9

*Includes re-invested dividends

Source: Ruffer LLP

Dividends ex date: 0.5p 30 Mar 05, 7 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11, 1.6p on 29 Feb 12, 26 Sep 12 and 6 Mar 13, 1.7p on 2 Oct 13.

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.

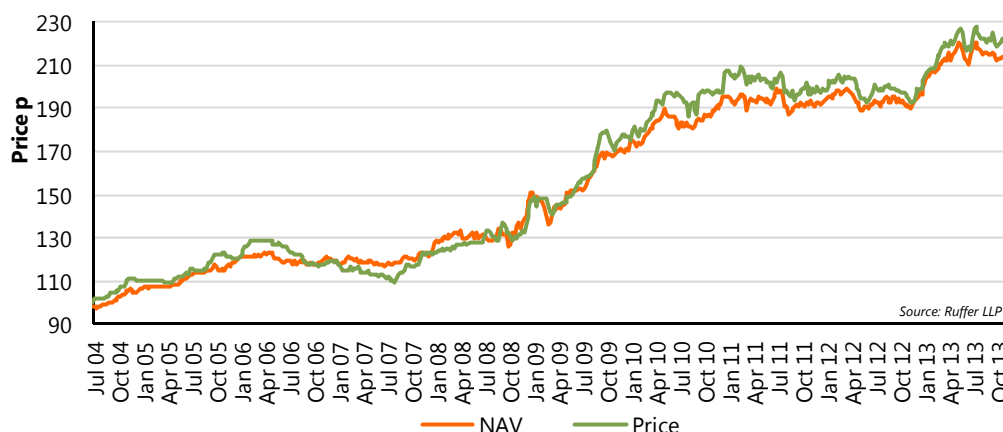
RUFFER INVESTMENT COMPANY LIMITED

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: Ruffer LLP

Investment report

Performance details

The net asset value at 31 October was 213.9p. This represents a rise of 0.9% after allowing for the dividend of 1.7p paid during the month. On a total return basis the FTSE All-Share rose by 4.3% in October.

Performance review

It should come as no surprise that the equity positions made the largest positive contribution during the month (+126bp), with notable performers being BT and ITV, which each added 10bp to the overall return and BP which contributed 20bp. Index-linked bonds also recovered some poise adding 40bp (but remain deeply out of favour). On the negative side of the ledger our option book cost us 50bp.

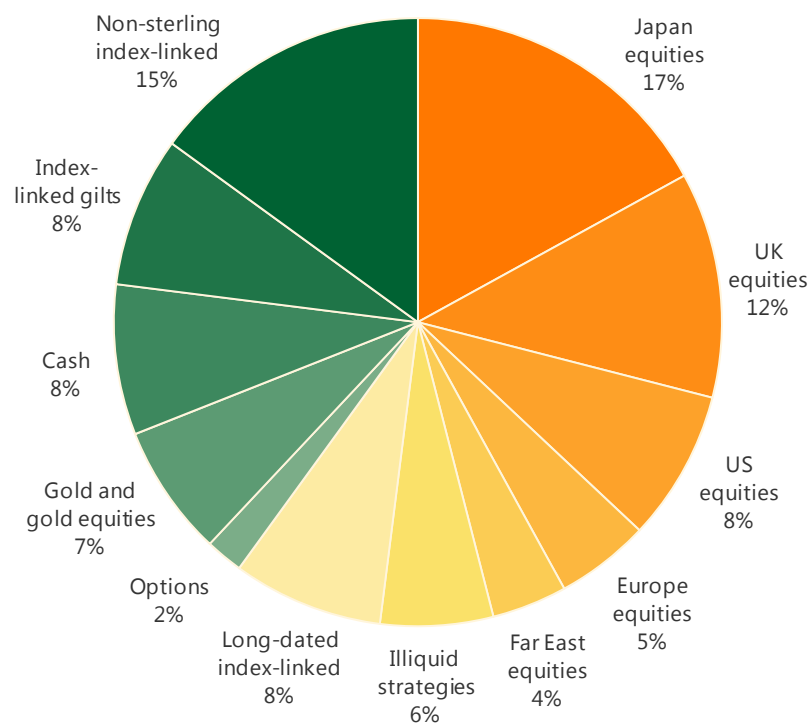
Portfolio position and outlook

One of the risks to our current defensive positioning is that exuberant equity markets continue to spiral higher on the expectation of a never-ending supply of easy money propping up asset prices and an acceptance of ZIRP and QE as the norm, which of course they are not. In such an environment our protective positions in the Company will suffer (much as they did in late 2006 and early 2007) and so we need the equity book to fight hard for us. With this in mind we added two copper miners to the portfolio during the month – they will be beneficiaries of the perception of a better growth outlook and a weaker dollar – two factors which would hurt our defensive positions. Such offsetting assets are preferable to the alternative of reducing the portfolio's protection and hoping that we are not left exposed if the tide of central bank liquidity recedes.

So why do we not trust this buoyant equity market? As we come out of earnings season it is reasonable to conclude that corporate earnings growth has been lukewarm at best and yet indices continue to hit new highs. There is money to be made in this market but it comes with considerable risk – namely the hope that you can ride the wave of central bank largesse and get out before the next man. The examples of market turning points in 2000 and 2007 would suggest that few achieve such an elegant exit. It is impossible to calculate how much hot money is playing this game, but the falls in May and June give some indication. The intricate dissection of Fed rhetoric is another example of how jittery the risk takers have become – this month the omission of a single sentence from the Fed's statement provoked the conspiracy theorists into action. Is it possible that the Fed has become too transparent? Of course, central banks will hope that they can temper market enthusiasm before tapering, but the dry run earlier this year did not go very smoothly.

The best argument for equities today is the lack of alternatives and that is not a good reason for holding any asset class for longer than the short term. If markets continue their upward trajectory then the Company is going to look like a dull place to be invested. Hopefully we will continue to make modest progress but, as ever, our focus is at the other end of the spectrum and if reality bites we hope to protect our investors from the pernicious effects of the ensuing hangover. In the meantime those equity positions will have to work hard to keep the bottom line plodding along.

Portfolio structure as at 31 Oct 2013



Source: Ruffer LLP

Ten largest holdings as at 31 Oct 2013

Stock	% of fund
1.25% Treasury index-linked 2017	7.0
1.25% Treasury index-linked 2055	5.2
Gold Bullion Securities	4.8
US Treasury 0.625% TIPS 2021	4.0
US Treasury 1.625% TIPS 2018	3.8
0.375% Treasury index-linked 2062	3.1
US Treasury 0.125% TIPS 2022	3.1
US Treasury 2.125% TIPS 2041	2.7
T&D Holdings	2.6
CF Ruffer Japanese Fund	2.2

Five largest equity holdings* as at 31 Oct 2013

Stock	% of fund
Gold Bullion Securities	4.8
T&D Holdings	2.6
BP	2.1
IBM	1.9
M1 Limited	1.7

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£326.7m (31 Oct 2013)
Shares in issue	152,913,416
Market capitalisation	£337.6m (31 Oct 2013)
No. of holdings	60 equities, 9 bonds (31 Oct 2013)
Share price	Published in the Financial Times
Market makers	Canaccord Genuity Cenkos Securities Numis Securities JPMorgan Cazenove Winterflood Securities



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.

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	Tel +44 (0)20 7963 8254 Ruffer LLP 80 Victoria Street London SW1E 5JL
	Fax +44 (0)20 7963 8175 rif@ruffer.co.uk www.ruffer.co.uk

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2013, assets managed by the group exceeded £16.1bn.