



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

JANUARY 2015

ISSUE 116

Share price as at 30 Jan 2015

220.00p

NAV as at 30 Jan 2015

Net Asset Value (per share)

217.69p

Premium/discount to NAV

As at 30 Jan 2015

1.1%

NAV total return¹

Since inception

160.0%

Portfolio analytics ²	%
Standard deviation	1.92
Maximum drawdown	-7.36

¹Including 25.9p of dividends

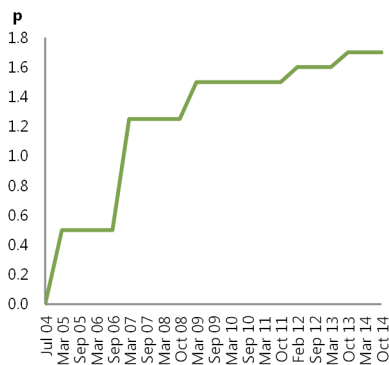
²Monthly data (Total Return NAV)

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



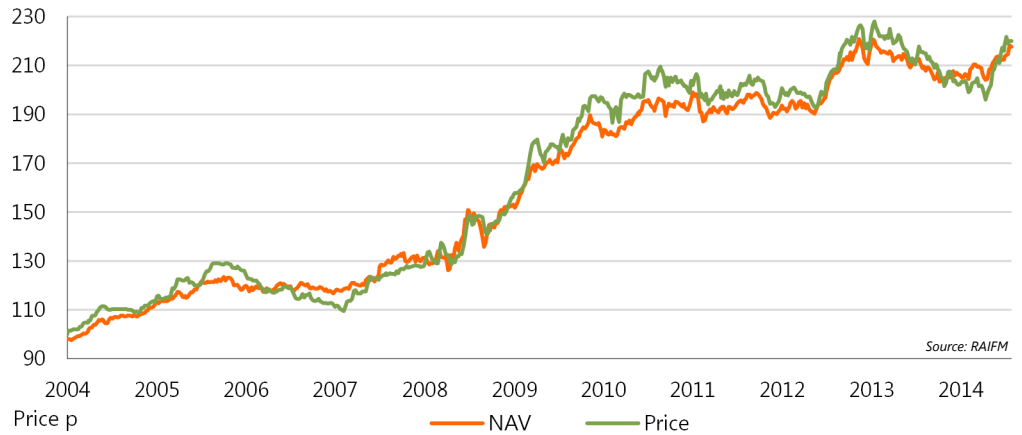
Source: RAIFM. Dividends are paid twice yearly. Please see overview for ex-dividend dates.

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



Investment report

The net asset value as at 30 January was 217.7p, representing a rise of 2.5% during the month. The FTSE All-Share total return index rose by 2.6% over the same period.

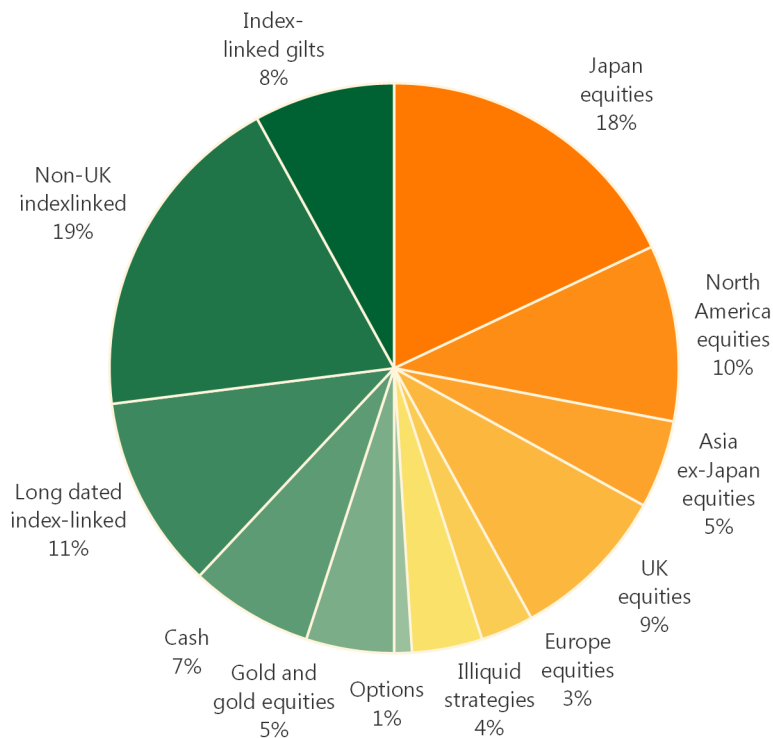
During the month index-linked bonds once again made a strong positive contribution (247bps) split evenly between the UK linkers and the US TIPS. UK equities lost us 33bps, but this was offset by strong gains in the European equity holdings, with the German property stocks Deutsche Wohnen and TAG Immobilien rising 18% and 20% respectively. In Japan, our domestically focused stocks performed well (Yamato +12%) but most of our Japanese exposure is positioned to benefit from the reflationary impact of Abenomics and these stocks, made up primarily of financials, have underperformed in recent months. Gold and gold mining shares regained some lustre adding 57bps to the overall return. This remains a small position at 5% and encouragingly gold has begun to show the negative correlation with risk assets that one would hope.

There was a significant shift in our currency exposure in January. The dollar was reduced from 22% to 13% as we took profits after a stellar run last year. The dollar has become a consensus trade and its protective qualities have waned as it has moved from a risk-off to a risk-on currency; strong US growth translates into earlier interest rate rises. We believe the yen offers greater protection in the event of falling markets and it has been increased to 10%. Sterling exposure remains relatively high at 66%, which will help us avoid the ill effects of a strong base currency should sterling bounce from

its current levels. The euro has been the weakest of the major currencies, both in the run up to and aftermath of the announcement of euro-zone QE, and our exposure has thankfully been fully hedged throughout. Alongside these changes we have cut our equity exposure to the bottom end of our typical 40-50% range (although it was lower than that in 2008). This seems prudent after a strong run in many of our stocks and an uncertain outlook. We have maintained our Japanese equity weighting as corporate results continue to surprise positively in Japan and market expectations remain subdued. It remains our preferred market in which to take equity risk; even without the helping hand of monetary policy, Japanese companies are performing well and shareholders are starting to see the benefits of an increased focus on returns on equity and distribution policies (through both dividends and share buybacks).

In summary, it has been a reasonable start to the year continuing on from where we finished 2014. We have reduced our equity exposure, realigned our currency positions and locked in some of the gains in index-linked bonds through the purchase of interest rate swaptions. We remain cautious on the global economic outlook as markets remain detached from economic fundamentals and loose monetary policy has created distortions in markets that will be exposed when the rising tide of central bank induced liquidity begins to recede.

Portfolio structure as at 30 Jan 2015



Source: RAIFM

Ten largest holdings as at 30 Jan 2015

Stock	% of fund
1.25% Treasury index-linked 2055	6.0
1.875% Treasury index-linked 2022	5.0
0.375% Treasury index-linked 2062	4.6
US Treasury 0.625% TIPS 2021	4.2
US Treasury 0.125% TIPS 2023	3.9
US Treasury 0.375% TIPS 2023	3.6
US Treasury 1.125% TIPS 2021	3.5
1.25% Treasury index-linked 2017	3.0
Gold Bullion Securities	2.8
US Treasury 2.125% TIPS 2041	2.6

Five largest equity holdings* as at 30 Jan 2015

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

*Excludes holdings in pooled funds

Source: RAIFM

NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£335.5m (30 Jan 2015)
Shares in issue	154,113,416
Market capitalisation	£339.0m (30 Jan 2015)
No. of holdings	60 equities, 14 bonds (30 Jan 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	1.15%
Charges	Annual management charge 1.0% with no performance fee

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Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 January 2015, assets managed by the group exceeded £18.1bn.



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.