



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

APRIL 2015

ISSUE 119

Share price as at 30 Apr 2015

217.50p

NAV as at 30 Apr 2015

Net Asset Value (per share)

221.71p

Premium/discount to NAV

As at 30 Apr 2015

-1.9%

NAV total return¹

Since inception

166.9%

Portfolio analytics² %

Standard deviation 1.89

Maximum drawdown -7.36

¹Including 25.9p of dividends

²Monthly data (Total Return NAV)

Percentage growth in total return NAV

31 Mar 2014 – 31 Mar 2015 8.6

31 Mar 2013 – 31 Mar 2014 -2.1

31 Mar 2012 – 31 Mar 2013 9.3

31 Mar 2011 – 31 Mar 2012 3.9

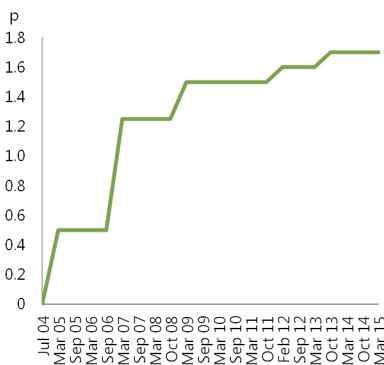
31 Mar 2010 – 31 Mar 2011 8.7

31 Mar 2009 – 31 Mar 2010 29.6

31 Mar 2008 – 31 Mar 2009 9.4

Source: RAIFM

Dividend history



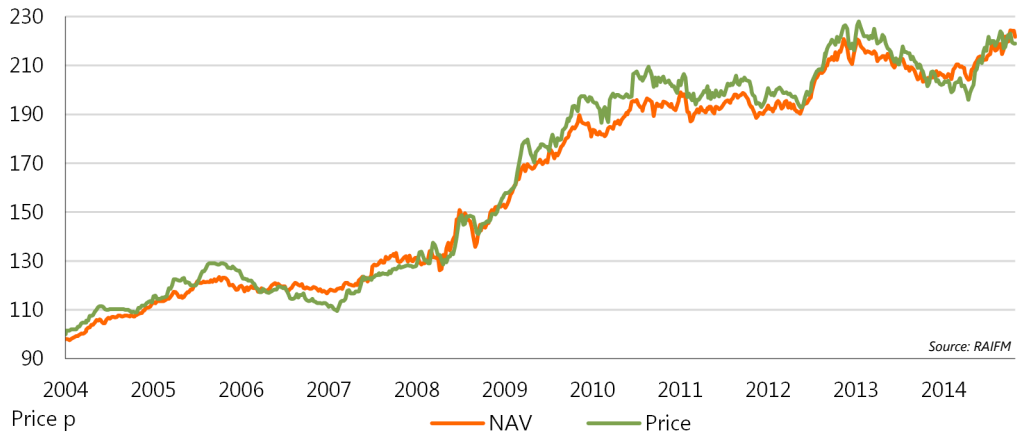
Source: RAIFM. Dividends are paid twice yearly. Please see overview for ex-dividend dates.

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 April was 221.7p, representing a rise of 0.9% during the month. The FTSE All-Share total return index rose by 3.0% over the same period. In share price terms the Company moved from a premium of 1.3% at 31 March to a discount of 1.9% at the end of April.

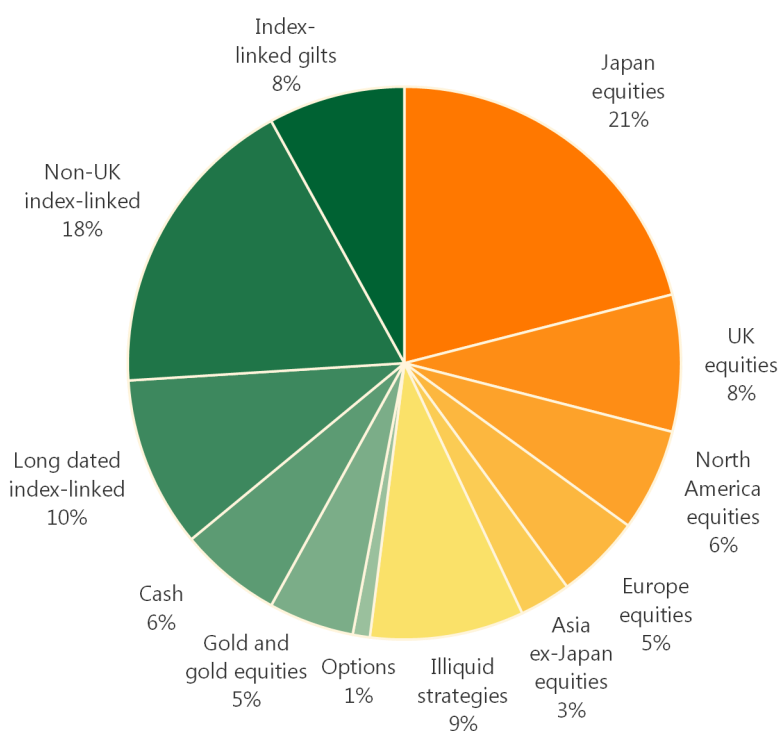
April saw the reversal of several of the most favoured trades of recent months. After a period of relentlessly falling government bond yields the last ten days of the month saw the yield on the German ten-year conventional bond (not held in the company) back-up sharply from seven to thirty-seven basis points. While this only took yields back to levels seen in March, it summed up one of the central dilemmas of today's inverted investment world, specifically that assets deemed to be the 'safest' can actually turn out to be the riskiest because of the egregious prices at which they are changing hands. Alongside this, another momentum trade reversed sharply in April, namely bullishness on the US dollar. Tepid US data continue to contrast with the eurozone picture, where, leaving Greece to one side, cyclical recovery is becoming more evident. The dollar fell 3% against sterling during the month. This did not directly impact the Company portfolio as the majority of our dollar exposure was hedged earlier in the year. There was a small positive effect on commodities and emerging markets, which explains the more perky performance of the UK equity market and copper stocks specifically. A number of hedge funds suffered the opposite effect and experienced sharp losses in April.

The other major area of excitement was the Chinese equity market, which measured by the Shanghai Composite surged over 18% on the month. The main takeaway would seem to be that the authorities are succeeding, possibly too well, in their

aim to redeploy Chinese savings away from property and into financial assets. Certainly the last few months have seen very strong growth in the opening of stock exchange accounts, and reforms such as the Hong Kong-Shanghai Connect programme have boosted sentiment and market turnover. Given that the market has doubled since last July one suspects that the authorities, having rubbed the lamp, will at some stage want to return the genie to the bottle, but our sense is that the market will go higher first. The Company has benefitted through holdings in CITIC Securities and China Life.

Elsewhere we continue to draw encouragement from the improved performance from corporate Japan. While Prime Minister Abe's Third Arrow has drawn much scepticism, buried in the quiver is a new corporate governance code, which enshrines several drivers to improved governance and performance. Such developments as the appointment of investor relations professionals or raising returns to shareholders by increasing payout ratios or instigating buybacks funded from reducing precautionary cash balances, might seem blindingly obvious to investors steeped in the US-inspired model of shareholder value, but in Japan such moves border on the revolutionary. Older readers will recall the continental European discovery of 'shareholder value' in the mid-1990s, and the boost that development gave to equity returns; in our opinion it is no exaggeration to think of these moves in Japan in a similar vein. With the constituents of the Japanese TOPIX presently sporting net cash balances of \$100bn, (against \$8bn in the FTSE 100), we may be only in the foothills of this shift to move shareholders up the pecking order.

Portfolio structure as at 30 Apr 2015



Source: RAIFM

Ten largest holdings* as at 30 Apr 2015

Stock	% of fund
1.25% Treasury index-linked 2055	5.7
1.875% Treasury index-linked 2022	4.8
0.375% Treasury index-linked 2062	4.4
US Treasury 0.625% TIPS 2021	4.0
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	2.9
Sumitomo Mitsui Financial Group	2.9
T&D Holdings	2.5

Five largest equity holdings* as at 30 Apr 2015

Stock	% of fund
Sumitomo Mitsui Financial Group	2.9
T&D Holdings	2.5
Mitsubishi UFJ Finance	2.3
Mizuho Financial	2.2
NTT Data Corporation	1.7

*Excludes holdings in pooled funds

Source: RAIFM

NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£341.7m (30 Apr 2015)
Shares in issue	154,113,416
Market capitalisation	£335.2m (30 Apr 2015)
No. of holdings	56 equities, 10 bonds (30 Apr 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	ISA/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



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

Graduated from Oxford in Philosophy, Politics and Economics and started work as an equity analyst at Confederation Life in 1987, where he became Head of Equities in charge of £5 billion 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.

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 30 April 2015, assets managed by the group exceeded £18.6bn.