

PERFORMANCE SUMMARY

The NAV per share decreased from 212.1p at 1 January 2014 to 205.6p at 31 March 2014. For the period under review, the Company recorded a total return (net of fees and expenses) of -3.1% compared to the objective return of 0.25%, being twice the time-weighted Bank of England base rate over the period. Since inception (on 7 July 2004), the Company has achieved a positive total return of 141.6%, compared to twice the time-weighted Bank of England base rate return of 63.3%.

The share price decreased from 210.5p at 1 January 2014 to 210.0p at 31 March 2014. The price-to-NAV at the end of the period was a premium of 2.2%, up from a discount of 0.8% at the start of the period. 1.1m shares were issued at an average premium of 3% to the prevailing NAV under the block listing facility during the period, thus ensuring that such share issuance was value enhancing to our shareholders.

Annual return history

Date	31 Mar 05**	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09	31 Mar 10
NAV (p)	107.2*	122.5*	118.7*	132.8*	142.4*	181.4*
Company growth (%)†	9.9	15.2	-1.7	14.1	9.4	29.6
Twice Bank Rate (%)	7.2	9.6	10.1	11.8	7.5	1.0

Date	31 Mar 11	31 Mar 12	31 Mar 13	31 Mar 14
NAV (p)	194.1*	198.4*	213.4*	205.6*
Company Growth (%)†	8.7	3.9	9.3	-3.3
Twice Bank Rate (%)	1.0	1.0	1.0	1.0

† Total return

* Dividend ex date: 0.5p on 30 Mar 05, 30 Sept 05, 22 Mar 06 and 27 Sept 06
 1.25p on 21 Mar 07, 26 Sept 07, 5 Mar 08 and 1 Oct 08
 1.5p on 4 Mar 09, 30 Sept 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11
 1.6p on 29 Feb 12, 26 Sept 12, 6 Mar 13
 1.7p on 2 Oct 13, 5 Mar 14

** Partial period: Inception (7 July 2004) to 30 September 2004

FINANCIAL POSITION
Ten largest holdings

1 January 2014		31 March 2014	
Security	% fund	Security	% fund
1.25% Treasury Index-Linked 2017	6.9	1.25% Treasury Index-Linked 2017	7.2
1.25% Treasury Index-Linked 2055	5.1	1.25% Treasury Index-Linked 2055	5.5
USA Treasury Notes 1.625% TIPS 2018	3.7	USA Treasury Notes 0.625% TIPS 2021	3.9
USA Treasury Notes 0.625% TIPS 2021	3.7	USA Treasury Notes 1.625% TIPS 2018	3.8
0.375% Treasury Index-Linked 22/03/62	3.1	USA Treasury Notes 0.625% TIPS 2043	3.4
USA Treasury Notes 0.125% TIPS 2022	3.0	0.375% Treasury Index-Linked 22/03/62	3.3
T&D Holdings	2.9	BP	3.1
Gold Bullion Securities	2.6	USA Treasury Notes 2.125% TIPS 2041	2.7
USA Treasury Notes 2.125% TIPS 2041	2.7	T&D Holdings	2.6
CF Ruffer Japanese Fund	2.4	CF Ruffer Japanese Fund	2.3

Five largest equity holdings

<i>1 January 2014</i>		<i>31 March 2014</i>	
Security	% fund	Security	% fund
T&D Holdings	2.9	BP	3.1
Gold Bullion Securities	2.6	T&D Holdings	2.6
BP	2.1	IBM	2.0
IBM	1.9	M1	1.7
Vodafone	1.7	Lockheed Martin	1.7

MATERIAL TRANSACTIONS
Five largest purchases
1 January 2014 – 31 March 2014

Security	Cost (£)
USA Treasury Notes 0.625% TIPS 2043	£10,505,047
Orix	£4,666,202
Leucadia National	£4,004,320
Lloyds Banking Group	£3,227,509
BP	£2,949,906

Five largest sales
1 January 2014 – 31 March 2014

Security	Proceeds (£)
Kao	£4,985,219
USA Treasury Notes 0.125% TIPS 2022	£4,894,504
Fresenius Medical Care	£4,206,906
Freeport-McMoran Copper & Gold	£4,175,620
Gold Bullion Securities	£4,045,320

The Company increased its cash weighting during the period from 5.9% at 1 January 2014 to 8.3% at 31 March 2014.

The NAV of the Company at 1 January 2014 was £324.3m and this decreased to £316.6m at 31 March 2014. The market capitalisation was £321.9m at the start of the period under review and this increased to £323.4m at 31 March 2014.

Interim Management Statement – 1 January 2014 to 31 March 2014**MATERIAL EVENTS**

The Board of the Company is not aware of any significant event that has occurred between 31 December 2013 and the date of the publication of this statement that would have had a material impact on the financial position of the Company. The Board has approved an investment policy consistent with a highly volatile economic climate.

The following announcements were made during the period –

21 January 2014

The tap issue of 1,100,000 Redeemable Participating Preference Shares of £0.01 at a price of 219p.

26 February 2014

Declaration of an interim dividend payable in respect of the year ending 30 June 2014 as follows:

Ex date	5 March 2014
Record date	7 March 2014
Pay date	28 March 2014
Dividend per share	1.7p

27 February 2014

Publication of the Interim Financial Report for the six months ended 31 December 2013.