



# RUFFER INVESTMENT COMPANY LIMITED

*An alternative to alternative asset management*

**JANUARY 2014**

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**Share price as at 31 Jan 2014**

**215.50p**

**NAV as at 31 Jan 2014**

**208.92p**

**Premium/(discount) to NAV**

**3.1%**

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

**145.5%**

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

	%
Standard deviation	1.97
Maximum drawdown	-7.36

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

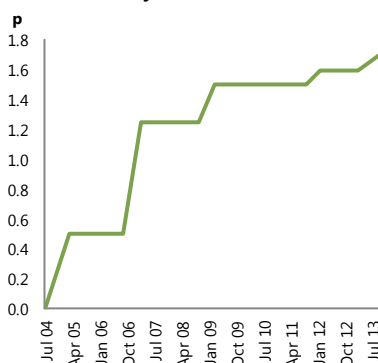
<sup>2</sup>Monthly data (Total Return NAV)

**Percentage growth in total return NAV**

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: Ruffer LLP

**Dividend history**



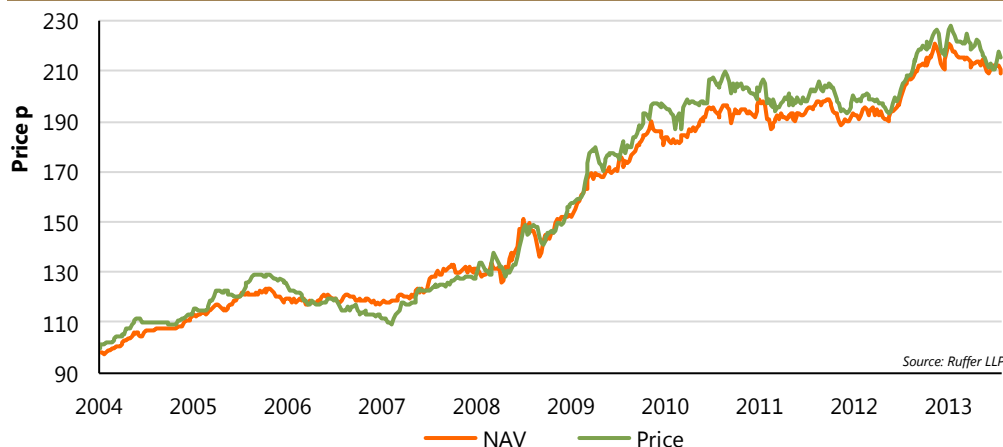
Source: Ruffer LLP. Dividends are paid twice yearly. Please see overleaf for ex-dividend dates.

**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 31 January was 208.9p representing a fall of 1.5% during the month compared with a fall of 3.1% in the FTSE All-share index. In contrast the Company's share price rose 2.4% as the shares moved from a small discount back to a premium.

Most of the market action during the month was in emerging markets (EM). The MSCI Emerging Markets index fell 6.6% and EM currencies also fell; the Turkish lira was down 5% against the dollar, the South African rand was down 6% and the Argentinian peso suffered a massive 23% devaluation. The Federal Reserve continued to taper its quantitative easing programme with a further \$10bn reduction bringing the asset purchases down to \$65bn per month. Whilst this is still a huge number by any standards, the knock-on effect is that capital flows into emerging economies are reduced hence the fall in both EM equities and currencies. Although we hold minimal direct exposure to EM, developed market equities fell in sympathy as many companies have become reliant on the growth engine of developing countries. Our equities did not escape these falls and indeed Japanese equities suffered from the dash to the safety of the yen as a bolt-hole currency and a stronger currency hurts Japanese exports.

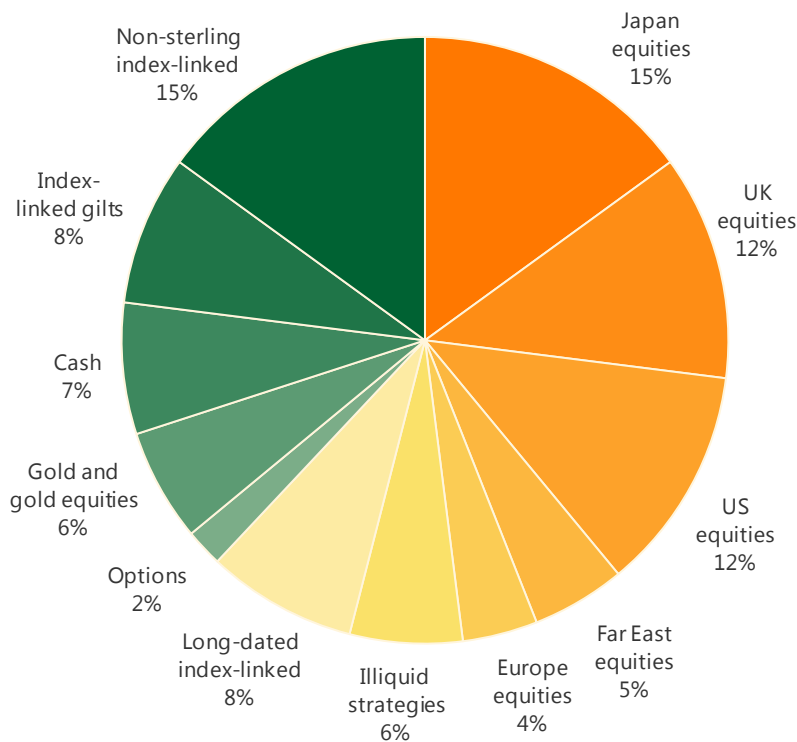
What has happened to the portfolio against this backdrop? The protective assets have largely done their job and those investments which were holding us back last year earned their keep. Positive returns were made in the US dollar exposure, index-linked bonds and even gold regained some of its protective credentials adding 40bp during the month. We

had also already moved to a more defensive position. Japanese equities had been reduced from 22% in the middle of 2013 to 15% and we unhedged part of our yen exposure to add additional protection; there is currently 7% exposure to the yen. We also added to our long dated TIPS (US index-linked bonds) in early January and tentatively dipped a foot back into gold miners – gold has been a beneficiary of the turmoil in emerging market currencies.

As mentioned above, the Company's shares briefly traded at a small discount (0.8% at 31 December) for the first time in four and a half years. It is worth noting that the Company have bought back shares in the past and would do so again if necessary. Likewise, when the shares are trading at a premium the company broker, Cenkos, will look to meet market demand by issuing shares through the blocklisting facility thereby improving liquidity and keeping a lid on the premium. The combination of the buyback potential and share issuance should offer comfort to both existing and potential shareholders. As explained in the Chairman's report in the annual accounts, share issuance will always be NAV enhancing for existing shareholders. Further information on the blocklisting facility is available by contacting Cenkos.

Finally, on a regulatory note the board released an announcement on 23 January confirming that the Company is an excluded security under the new rules concerning Non Mainstream Pooled Investments (NMPI).

## Portfolio structure as at 31 Jan 2014



Source: Ruffer LLP

## Ten largest holdings as at 31 Jan 2014

Stock	% of fund
1.25% Treasury index-linked 2017	7.0
1.25% Treasury index-linked 2055	5.2
US Treasury 0.625% TIPS 2021	3.8
US Treasury 1.625% TIPS 2018	3.8
0.375% Treasury index-linked 2062	3.1
Gold Bullion Securities	2.7
T&D Holdings	2.7
US Treasury 2.125% TIPS 2041	2.6
US Treasury 1.625% TIPS 2018	2.4
CF Ruffer Japanese Fund	2.3

## Five largest equity holdings\* as at 31 Jan 2014

Stock	% of fund
T&D Holdings	2.7
Gold Bullion Securities	2.7
BP	2.1
IBM	1.8
M1 Limited	1.6

\*Excludes holdings in pooled funds

Source: Ruffer LLP

<b>NAV valuation point</b>	Weekly – Friday midnight Last business day of the month
<b>NAV</b>	£321.8m (31 Jan 2014)
<b>Shares in issue</b>	154,013,416
<b>Market capitalisation</b>	£331.9m (31 Jan 2014)
<b>No. of holdings</b>	60 equities, 10 bonds (31 Jan 2014)
<b>Share price</b>	Published in the Financial Times
<b>Market makers</b>	Canaccord Genuity Cenkos Securities   Numis Securities JPMorgan Cazenove   Winterflood Securities

## Company information

<b>Company structure</b>	Guernsey domiciled limited company
<b>Share class</b>	£ sterling denominated preference shares
<b>Listing</b>	London Stock Exchange
<b>Settlement</b>	CREST
<b>Wrap</b>	ISA/SIPP qualifying
<b>Discount management</b>	Share buyback Discretionary redemption facility
<b>Investment Manager</b>	Ruffer LLP
<b>Administrator</b>	Northern Trust International Fund Administration Services (Guernsey) Limited
<b>Custodian</b>	Northern Trust (Guernsey) Limited
<b>Ex dividend dates</b>	March, September
<b>Stock ticker</b>	RICA LN
<b>ISIN</b>	GB00B018CS46
<b>SEDOL</b>	B018CS4
<b>Charges</b>	Annual management charge 1.0% with no performance fee



### 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.

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## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2014, assets managed by the group exceeded £16.2bn.