



**FEBRUARY 2014**

ISSUE 105

**Share price as at 28 Feb 2014**

**213.63p**

**NAV as at 28 Feb 2014**

Net Asset Value (per share)

**208.90p**

**Premium/(discount) to NAV**

As at 28 Feb 2014

**2.3%**

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

Since inception

**145.5%**

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

%

Standard deviation 1.96

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

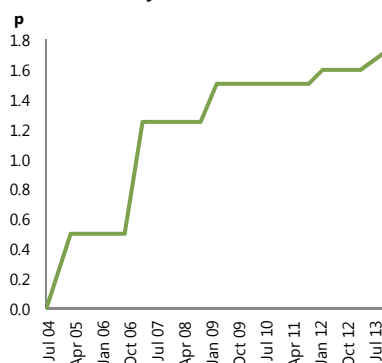
31 Dec 2009 – 31 Dec 2010 16.5

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.**

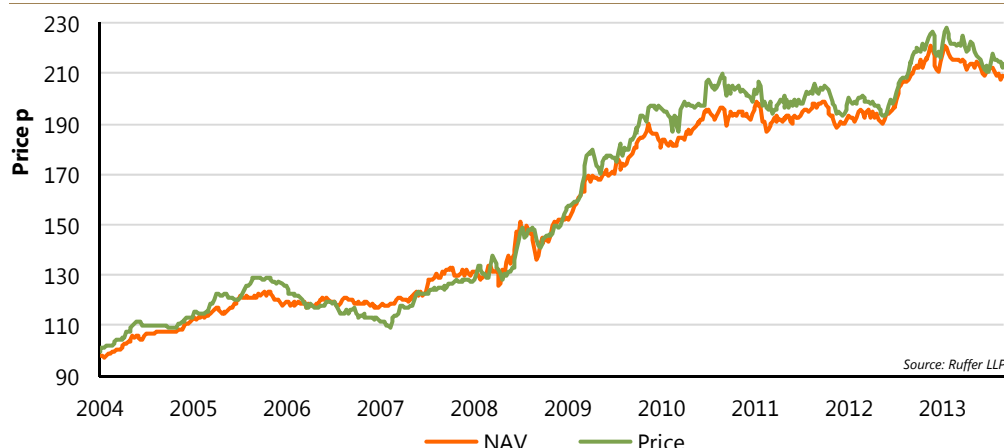
# RUFFER INVESTMENT COMPANY LIMITED

*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



## Investment report

The net asset value at 28 February was 208.90p, unchanged from the previous month end. The FTSE All-share index rebounded from its fall in January with a rise of 5.2%.

The strength in sterling, which was discussed in the interim report, continued during February with a rise of 2% against both the US dollar and the yen (our only significant unhedged currency exposure). The dollar makes up 25% of the total portfolio and the yen currently stands at 6%. The combination of our 60% sterling weighting (14% held in UK equities) and a small amount in sterling call options lessens the drag of a strong base currency and the dollar and yen are held as protective offsets to our broader equity exposure.

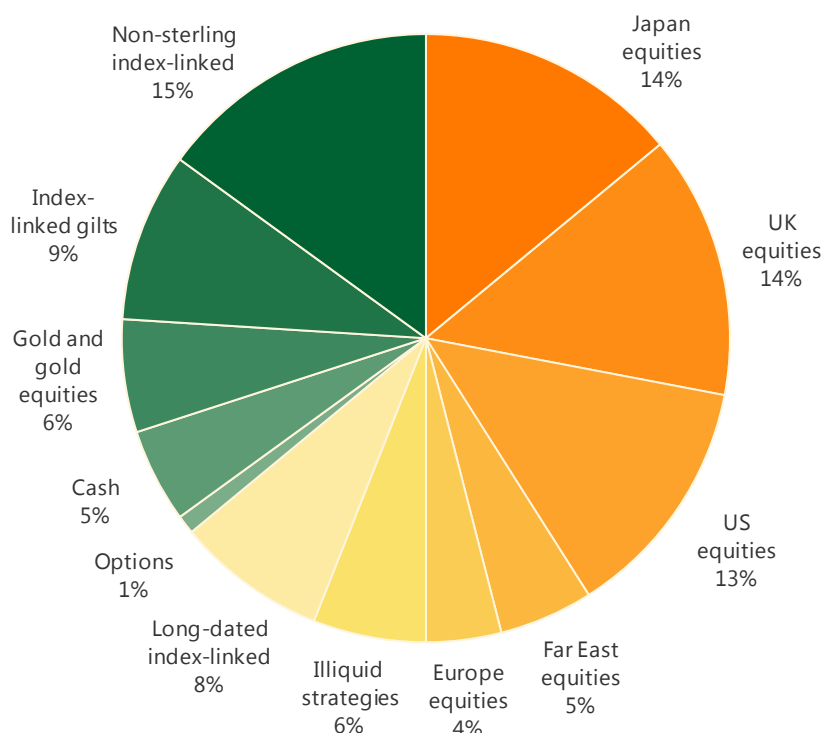
During the month positive returns were generated in US and UK equities (+130bps) with integrated oil stocks performing well as investors start to believe that cost discipline and shareholder returns will take precedence over the profligate capital expenditure which has dogged the sector for many years. BP and Royal Dutch contributed 25 bps but Cairn Energy, which is a smaller position, sadly headed in the opposite direction as investors continued to worry about the Indian tax investigation. Gold stocks performed well, contributing 40bps, as the gold price rose from \$1244 to \$1326. Readers may recall that we tentatively added to our gold mining stocks from November through to January. The current exposure to bullion and gold miners stands at 6% and after a torrid time last year this asset class has served the portfolio well in the first two months of 2014. Aside from the headwind of sterling strength, Japanese financials and the

option book were the main detractors from performance.

During the last 12 months we have seen share prices rise substantially further than underlying corporate earnings in the UK and US, as ultra-supportive monetary policy has pushed up asset values. With margins on the high side by historical standards, this forms a potent cocktail which greatly increases the likelihood of hitting pot-holes of stock specific disappointment. There has been some evidence of this in the first two months of the year. Companies which have reported mildly disappointing numbers or issued cautious forward guidance statements have been hit hard. Stock selection is going to be important in this environment. If assets prices continue to be pumped up by central bank largesse then earnings will have to follow or inflated valuations will mean revert. In the Company's portfolio we have already moved out of the 'expensive defensives', which performed very well for us, and into relatively cheaper but more cyclical equities. We remain cognisant of the fact that monetary policy remains supportive in the short term hence our overall equity weighting has not been reduced. This in no way means that we are immune from stock specific disappointments but cheaper valuations may provide some insulation; earnings can still fall but multiples are less likely to contract to the same extent as the highly rated defensives. Stocks like IBM, Volkswagen and Cape look interesting in this context.

The Ruffer Investment Company declared an interim dividend of 1.7p during the month.

## Portfolio structure as at 28 Feb 2014



Source: Ruffer LLP

## Ten largest holdings as at 28 Feb 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	3.7
US Treasury 1.625% TIPS 2018	3.7
0.375% Treasury index-linked 2062	3.1
BP	3.1
Gold Bullion Securities	2.9
US Treasury 2.125% TIPS 2041	2.6
T&D Holdings	2.6
US Treasury 1.625% TIPS 2018	2.4

## Five largest equity holdings\* as at 28 Feb 2014

Stock	% of fund
BP	3.1
Gold Bullion Securities	2.9
T&D Holdings	2.6
IBM	1.9
Lockheed Martin	1.7

\*Excludes holdings in pooled funds

Source: Ruffer LLP

### NAV valuation point

Weekly – Friday midnight  
Last business day of the month

### NAV

£321.7m (28 Feb 2014)

### Shares in issue

154,013,416

### Market capitalisation

£329.0m (28 Feb 2014)

### No. of holdings

63 equities, 10 bonds (28 Feb 2014)

### Share price

Published in the Financial Times

### Market makers

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>NMPI status</b>	Excluded security
<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

### Enquiries

Ruffer LLP	Tel +44 (0)20 7963 8254
80 Victoria Street	Fax +44 (0)20 7963 8175
London SW1E 5JL	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 28 February 2014, assets managed by the group exceeded £16.3bn.



### 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.