



# RUFFER INVESTMENT COMPANY LIMITED

*An alternative to alternative asset management*

**SEPTEMBER 2014**

ISSUE 112

**Share price as at 30 Sep 2014**

**201.75p**

**NAV as at 30 Sep 2014**

**208.96p**

**Premium/discount to NAV**

**-3.5%**

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

**147.6%**

Portfolio analytics <sup>2</sup>	%
Standard deviation	1.93
Maximum drawdown	-7.36

<sup>1</sup>Including 24.2p of dividends

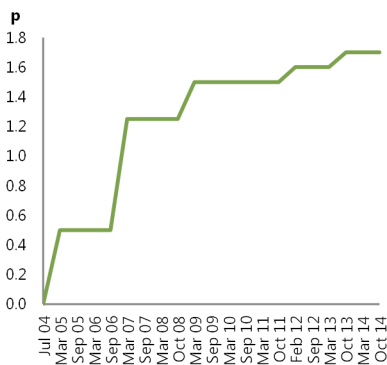
<sup>2</sup>Monthly data (Total Return NAV)

**Percentage growth in total return NAV**

30 Sep 2013 – 30 Sep 2014	-0.6
30 Sep 2012 – 30 Sep 2013	11.7
30 Sep 2011 – 30 Sep 2012	2.3
30 Sep 2010 – 30 Sep 2011	5.6
30 Sep 2009 – 30 Sep 2010	12.3
30 Sep 2008 – 30 Sep 2009	30.3

Source: RAIFM

**Dividend history**



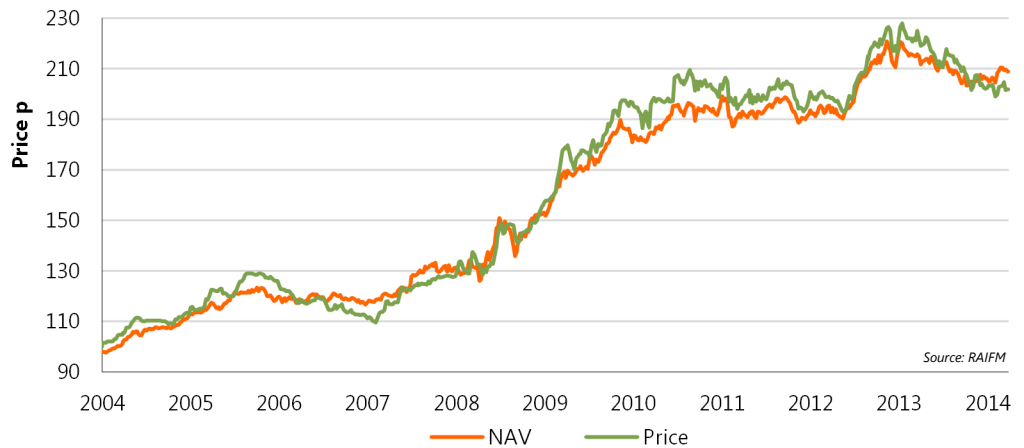
Source: RAIFM. Dividends are paid twice yearly. Please see overlaid for ex-dividend dates.

**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: RAIFM

**Investment report**

The net asset value at 30 September was 208.96p, representing a fall of 0.5% during the month. On a total return basis the FTSE All-Share fell by 2.8%. The directors of the Company have declared a dividend of 1.7p payable on 24 October and the shares currently trade at a 3.5% discount to net asset value.

Positive returns were made in the US dollar exposure and Japanese equities. Our yen exposure is hedged which ensured that we did not give back the equity gains as the currency weakened against sterling by 3% during the month. It has been a busy month for currency markets. The dollar had already strengthened against sterling through July and August and this move gathered speed through the first two weeks of September. There was a brief rally in sterling prior to the referendum but since then it has continued its descent. Political uncertainty has played a role and there are further obstacles ahead with a general election in the UK next year and the possibility of a referendum on EU membership. However, interest rate expectations have arguably been more important and the differential between forward rates in the US and the UK has narrowed; the US economic recovery appears more robust and the long term effectiveness of UK stimulus is being called into question. Sterling is the Company's base currency and for that reason we consider it a risk to hold unhedged positions overseas, but at times such exposure can complement the asset mix in the portfolio – 2008 perhaps being the best example when sterling weakened sharply and the bolthole currencies of the Swiss franc and the yen moved

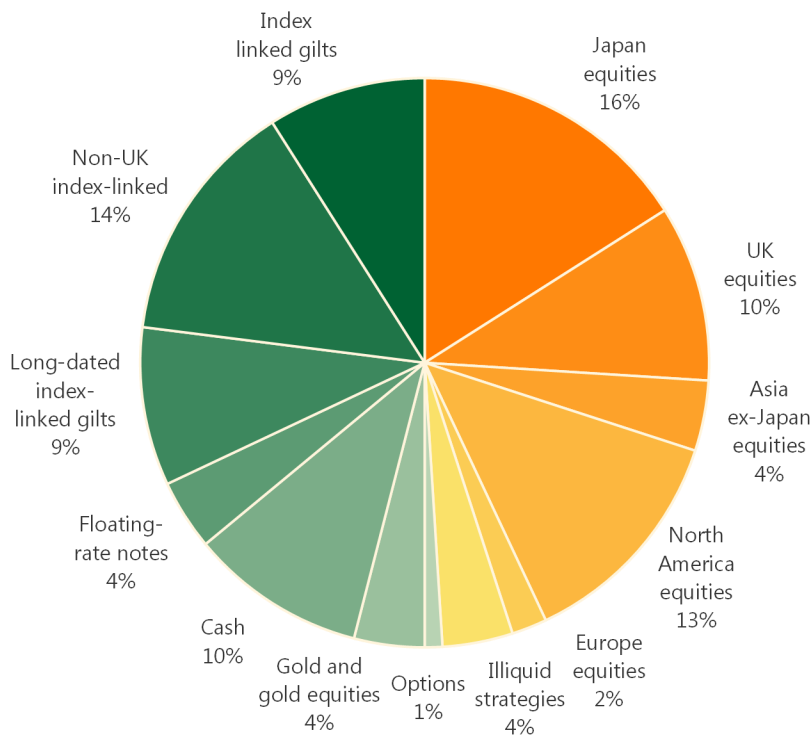
sharply higher. The dynamics have changed since then and the dollar has filled the role as an offset to our equity positions in recent times. As such, a 27% position (held mainly through equities and index-linked US Treasuries) feels appropriate. This has helped us avoid the worst of the fall in the equity market this month.

Elsewhere, long-dated index-linked gilts gave back some of their stellar gains from August but made most of that back over the last two weeks. Gold was weak and cost the Company 50bps, but sales earlier in the year have made this a smaller position at 4% of net asset value. Our views on the risk of monetary instability have not changed but index-linked bonds give us sufficient protection. Options were a marginal positive contributor as volatility picked up from extraordinarily low levels.

The great monetary experiment continues to have a distorting effect on asset prices. As a result the economic outlook is as uncertain as ever and for that reason our equity exposure remains relatively low (45%) and we continue to hold a large amount of protection in the portfolio.

The directors of the Company will be holding a meeting with professional investors on 18 November in London. There are no formal announcements to be made and this meeting constitutes part of the Board's program of maintaining a dialogue with shareholders. If you would like to attend please contact Phil Higgs at Cenkos. There are a limited number of places available.

## Portfolio structure as at 30 Sep 2014



Source: RAIFM

## Ten largest holdings as at 30 Sep 2014

Stock	% of fund
1.25% Treasury index-linked 2017	7.0
1.25% Treasury index-linked 2055	5.1
US Treasury FRN 2016	4.3
US Treasury 0.625% TIPS 2021	4.0
US Treasury 1.625% TIPS 2018	3.9
0.375% Treasury index-linked 2062	3.7
Gold Bullion Securities	2.6
CF Ruffer Japanese Fund	2.4
US Treasury 2.125% TIPS 2041	2.2
T&D Holdings	2.2

## Five largest equity holdings\* as at 30 Sep 2014

Stock	% of fund
T&D Holdings	2.2
Mitsubishi UFJ Finance	2.1
IBM	2.0
BP	2.0
Lockheed Martin	1.9

\*Excludes holdings in pooled funds

Source: RAIFM

### NAV valuation point

Weekly – Friday midnight  
Last business day of the month

### NAV

£321.8m (30 Sep 2014)

### Shares in issue

154,013,416

### Market capitalisation

£310.7m (30 Sep 2014)

### No. of holdings

56 equities, 12 bonds (30 Sep 2014)

### 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

### 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 September 2014, assets managed by the group exceeded £17.2bn.



### 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 moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining the Ruffer Group 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.