Ruffer Investment Company Limited

An alternative to alternative asset management

JUNE 2014
ISSUE 109

Share price as at 30 Jun 2014
202.25p

NAV as at 30 Jun 2014
Net Asset Value (per share)
206.05p

Premium/(discount) to NAV
As at 30 Jun 2014
-1.8%

NAV total return[1]
Since inception
144.1%

Portfolio analytics[2]	%
Standard deviation	1.95
Maximum drawdown	-7.36

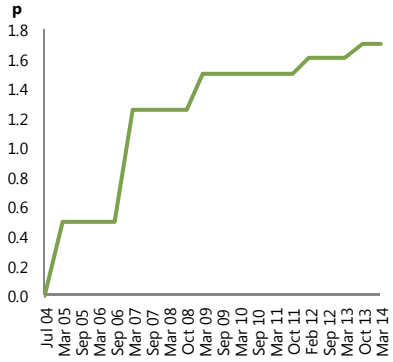
[1]*Including 24.2p of dividends*
[2]*Monthly data (Total Return NAV)*

Percentage growth in total return NAV

30 Jun 2013 – 30 Jun 2014	-2.6
30 Jun 2012 – 30 Jun 2013	13.8
30 Jun 2011 – 30 Jun 2012	-0.3
30 Jun 2010 – 30 Jun 2011	8.8
30 Jun 2009 – 30 Jun 2010	21.8
30 Jun 2008 – 30 Jun 2009	18.6

Source: Ruffer LLP

Dividend history



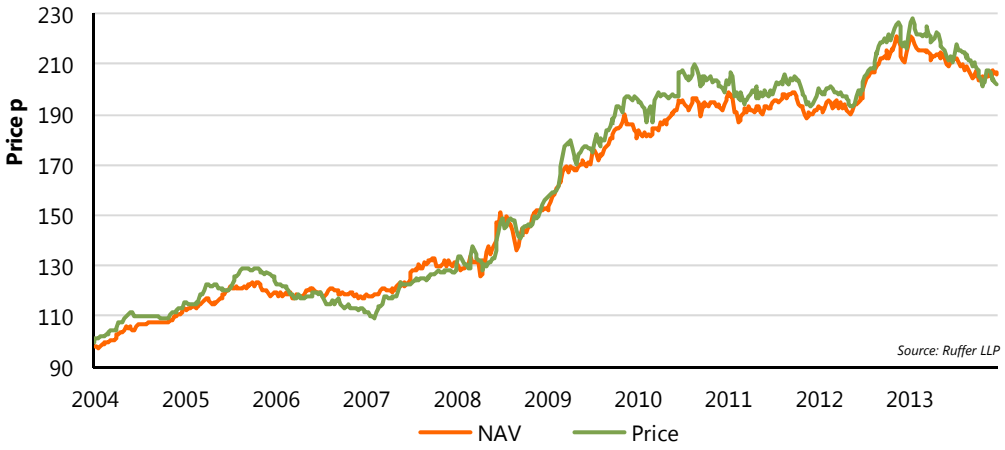
Source: Ruffer LLP. Dividends are paid twice yearly. Please see overleaf for ex-dividend dates.

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



Investment report

The net asset value at 30 June was 206.05p, representing a fall of 0.4% during the month compared with a fall of 1.3% in the FTSE All-Share Total Return Index.

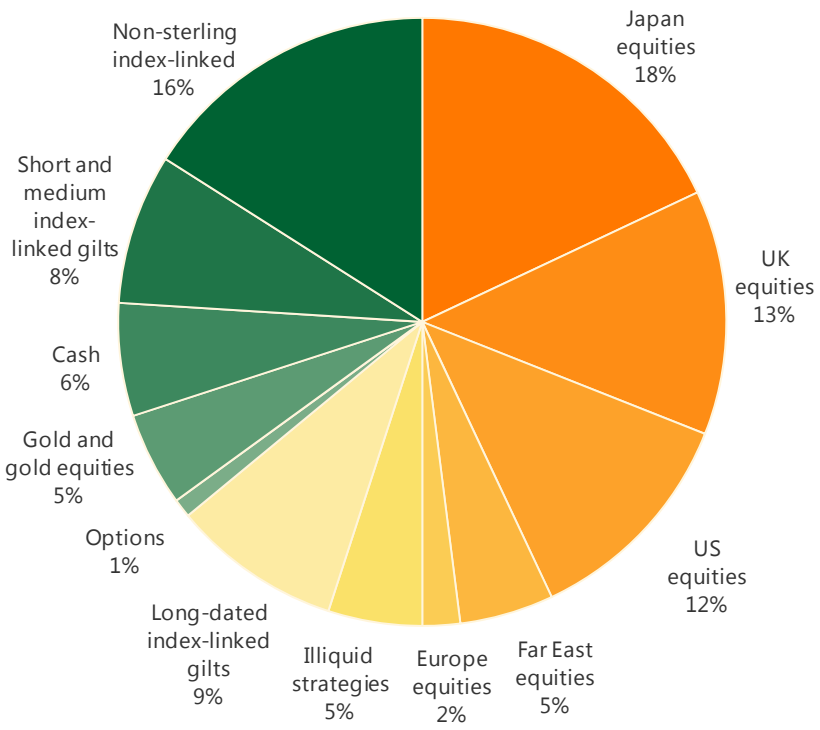
It was a quiet month on the investment front. Japanese equities and gold posted decent returns adding 0.8% and 0.4% respectively. Elsewhere, the remaining equities were effectively flat whilst our protection assets acted as a drag on performance, with our options costing 0.4% and the US dollar 0.5%. Indeed, sterling strength was the biggest talking point of the month as it climbed 1.9% against the dollar, taking the 12 month appreciation to 12.6%. We were grateful to be mostly hedged back into sterling on our overseas holdings, with the exception being the US dollar where we have stubbornly retained a 24% exposure. This is certainly costing us at present but we remain firmly of the view that the dollar will strengthen when other assets are falling and this includes the pound. The UK's looming political uncertainties and current account deficit will not stay out of the limelight forever.

Within the portfolio the investments we made into distressed assets in 2009 continue to perform well. We received a further return of capital during the month and have now received back two thirds of our original investment with another two years to run in the fund. In these days of exuberant markets when risk taking is rewarded more than caution we should not forget about the great benefits of preserving capital in troubled times; not only does it keep your asset base afloat but it also allows you to buy when others do not have the stomach (or the capital) to do so.

Volatility has sunk to new lows and this was evidenced in the returns of equity markets outside the UK. For example, the S&P 500 index has not posted a daily move of more than 1% in either direction since 16 April. Such calm offers reassurance to some but it worries us as history demonstrates that calm does indeed often precede a storm. Investors are lulled into a false sense of security and by extension excessive risk taking. The result today can be seen in narrowing credit spreads and a buoyant corporate bond market, the grubbier end of which is nearing pre-crisis highs. It is tempting to think that the world is returning to normal, but we should not forget that the amount of debt which almost toppled the western world's financial system has not been reduced either on an absolute or relative basis and the support being provided by central banks remains sky-high. We are far from business-as-usual. For equities the path of least resistance will remain upwards as long as investors believe that their risks are underwritten by the authorities but the current equilibrium will not last forever.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2014

Portfolio structure as at 30 Jun 2014



Source: Ruffer LLP

Ten largest holdings as at 30 Jun 2014

Stock	% of fund
1.25% Treasury index-linked 2017	7.1
1.25% Treasury index-linked 2055	5.5
US Treasury 0.625% TIPS 2021	3.8
US Treasury 1.625% TIPS 2018	3.7
0.375% Treasury index-linked 2062	3.3
BP	3.2
T&D Holdings	2.8
US Treasury 0.625% TIPS 2043	2.8
CF Ruffer Japanese Fund	2.4
US Treasury 2.125% TIPS 2041	2.3

Five largest equity holdings* as at 30 Jun 2014

Stock	% of fund
BP	3.2
T&D Holdings	2.8
Mitsubishi UFJ Finance	2.2
IBM	1.8
Lockheed Martin	1.6

**Excludes holdings in pooled funds*

Source: Ruffer LLP

NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£317.3m (30 Jun 2014)
Shares in issue	154,013,416
Market capitalisation	£311.5m (30 Jun 2014)
No. of holdings	61 equities, 11 bonds (30 Jun 2014)
Share price	Published in the Financial Times
Market makers	Canaccord Genuity Cenkos Securities | Numis Securities JPMorgan Cazenove | Winterflood Securities



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.

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 LLP
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
Charges	Annual management charge 1.0% with no performance fee

Enquiries

Ruffer LLP
80 Victoria Street
London SW1E 5JL

Tel +44 (0)20 7963 8254
Fax +44 (0)20 7963 8175
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 30 June 2014, assets managed by the group exceeded £16.6bn.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2014