

Ruffer Investment Company Limited

An alternative to alternative asset management



February 2017 Issue 141

It was a busy month for the Company during which we released our interim results (full details available on the website), continued to issue new shares via the blocklisting facility to keep the premium in check and bade farewell to our head of audit, Chris Spencer, who has served the Company's shareholders tirelessly since 2004. We have completed the board rotation process and expect to announce the final director appointment in the coming month. Finally, the directors declared a dividend of 0.9p payable on 23 March.

During February the Company's net asset value (NAV) fell by 0.3%. This compares with a rise of 3.1% in the FTSE All-Share TR Index.

Investors have begun to focus on the deluge of elections taking place in 2017. The imminent Dutch election has the populist Geert Wilders leading the polls. Despite his rising popularity he is unlikely to pose an existential threat to the eurozone, or indeed markets, as it appears likely that he will only poll around 20% of the vote. More pressing for the incumbents is the rise of Marine Le Pen. It appears likely that either technocrat Emmanuel Macron or scandal-plagued François Fillon will defeat Le Pen in the second round of polling, with neither front runner likely to fully control parliament. However, having been bruised by following pollsters twice in the last year, investors appear unwilling to take on much risk in the run up to the election. This is best illustrated by German bund yields, which continue to fall sharply, perhaps further supported by the demand for the highest quality collateral as new margin requirements come into force across Europe. Whatever the driver, the move down in bond yields appears inconsistent with measures of economic growth in the eurozone, which continue to surprise on the upside. Both equity and bond markets remain oblivious to the prospect of further policy tightening in the short term, perhaps increasing the risk of a market wobble. It is for this reason we have further pruned our equity weighting and marginally increased exposure to the yen as a protective move. The equities we own remain focused on cyclical and financial names principally to protect the portfolio against rising bond yields.

Our long term expectation remains that current policy will fail to deliver sufficient growth to offset the deflationary force of excessive debt in the global economy. Monetary policymakers responded to the financial crisis by cutting interest rates to record lows and injecting vast amounts of liquidity into the financial system via quantitative easing and other related policies. More recently the political context has engendered a shift to fiscal stimulus. In our mind this makes the inflationary denouement all the more likely.

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.

Performance since launch on 8 July 2004



Performance %	February 2017	Year to date	1 year	3 years	5 years	10 years
Total return NAV	-0.3	0.9	15.8	16.0	25.7	128.0
Share price TR ¹	0.3	1.1	20.1	16.3	25.1	142.1

¹Assumes re-investment of dividends

Percentage growth in total return NAV	%	As at 28 February 2017	p
30 Dec 2015 – 30 Dec 2016	12.4	Share price	237.25
30 Dec 2014 – 30 Dec 2015	-1.0	Net Asset Value (NAV) per share	230.96
30 Dec 2013 – 30 Dec 2014	1.8		%
30 Dec 2012 – 30 Dec 2013	9.5	Premium/discount to NAV	2.7
30 Dec 2011 – 30 Dec 2012	3.4	NAV total return since inception ²	184.8
		Standard deviation ³	1.91
		Maximum drawdown ³	-8.61

Source: Ruffer AIFM Limited, FTSE International (FTSE)[†]

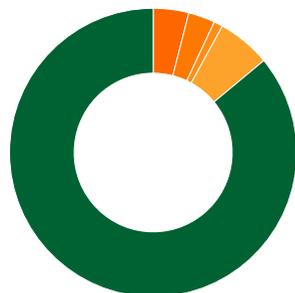
²Including 32.7p of dividends ³Monthly data (total return NAV)

Ruffer Investment Company Limited as at 28 Feb 2017

Portfolio structure



Asset allocation	%		%
● Non-UK index-linked	17	● Japan equities	17
● Index-linked gilts	11	● UK equities	9
● Long dated index-linked	11	● North America equities	7
● Cash	9	● Europe equities	4
● Gold and gold equities	4	● Asia ex-Japan equities	2
● Options	1	● Other	2
● Protective illiquid strategies	4	● Growth illiquid strategies	2



Currency allocation	%
● Sterling	86
● Gold	4
● Yen	3
● US dollar	1
● Other	6

5 largest of 13 bond holdings

Stock	% of fund	Stock	% of fund
1.875% Treasury index-linked 2022	6.5	T&D Holdings	3.0
0.375% Treasury index-linked 2062	5.8	Lloyds Banking Group	2.2
0.125% Treasury index-linked 2068	5.2	Mitsubishi UFJ Finance	1.6
US Treasury 0.625% TIPS 2021	4.7	Sumitomo Mitsui Financial	1.4
US Treasury 0.125% TIPS 2023	4.0	The Boeing Company	1.4

Source: Ruffer AIFM Limited

5 largest of 56 equity holdings*

Stock	% of fund
T&D Holdings	3.0
Lloyds Banking Group	2.2
Mitsubishi UFJ Finance	1.6
Sumitomo Mitsui Financial	1.4
The Boeing Company	1.4

*Excludes holdings in pooled funds

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of RAIFM at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. RAIFM has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts.

NAV £367.3m Market capitalisation £377.3m Shares in issue 159,013,416

Company information

Annual management charge (no performance fee)	1.0%
Total Expense Ratio*	1.18%
Ex dividend dates	March, September
NAV valuation point	Weekly – Friday midnight Last business day of the month
Stock ticker	RICA LN
ISIN	GB00B018CS46
SEDOL	B018CS4
Investment Manager	Ruffer AIFM Limited
Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited
Custodian	Northern Trust (Guernsey) Limited
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

* Audited at 30 June 2016

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Managers

Hamish Baillie

INVESTMENT DIRECTOR

A graduate of Trinity College Dublin, he joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP and is a director of Ruffer (Channel Islands) Limited. He is a member of the Chartered Institute for Securities & Investment.



Steve Russell

INVESTMENT DIRECTOR

Graduated from Oxford in PPE and started work as an equity analyst at Confederation Life in 1987, progressing to Head of Equities. In 1999 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in 2003. He is also co-manager of the CF Ruffer Total Return Fund.



Duncan MacInnes

INVESTMENT MANAGER

Joined Ruffer in 2012. He graduated from Glasgow University School of Law in 2007 and spent four years working at Barclays Wealth and Barclays Capital in Glasgow, London and Singapore. Duncan is a CFA charterholder.



Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 February 2017, assets managed by the group exceeded £21.0bn.