

Ruffer Investment Company Limited

An alternative to alternative asset management



November 2017 Issue 150

During November, the net asset value (NAV) of the Company was unchanged. As announced on 23 November the calculation of the NAV was changed from mid to bid pricing in order to ensure consistency with the audited financial statements and guidance from the Association of Investment Companies. We estimate that the one-off impact amounted to a reduction of 0.2p or 0.1% in the NAV.

November marked the thirteenth positive month in a row for the US equity market, the longest such period on record. However, away from the US, equity market performance was more variable than it has been for much of this record run. Japanese equities again took star billing as Prime Minister Abe's re-election in October was further supported by continued positive economic momentum. Absent the bellicose commentary from North Korea, Japan represents one of the few developed market economies with any real claim to political stability, with the Bank of Japan currently appearing to be the central bank furthest from beginning to exit its post financial crisis policies. These factors combine to give us comfort that the Japanese equity market remains the most rewarding arena in which to take on market risk. Elsewhere, European equities suffered against the backdrop of increased political uncertainty (German coalition negotiations) and the pressures of a strong currency.

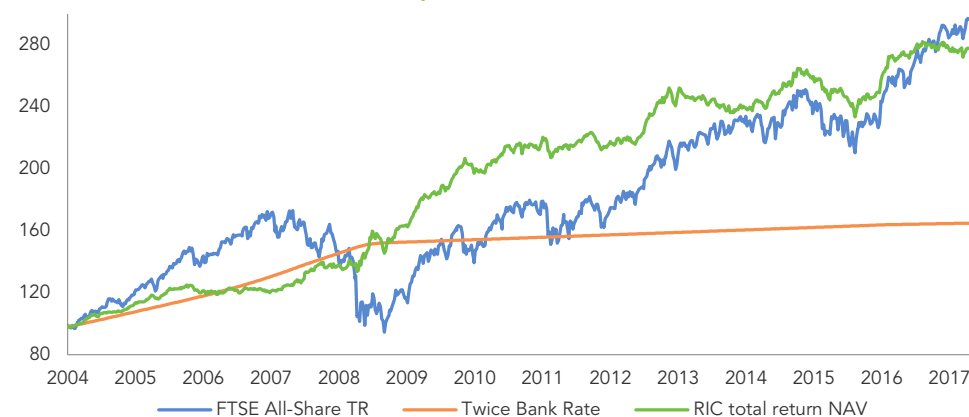
The Company received positive contributions from a number of our individual stock selections. We have always argued that stock selection is a key part of our armoury and it is pleasing this has borne fruit recently. Having spent 15 years optimising a solution for delivering groceries profitably to customers' doors, Ocado, (admittedly a relatively small position), announced a potentially landmark deal with French supermarket chain Casino, causing the shares to surge by over 30% in the last three days of the month. Sony (+16% in November) produced a stand-out set of numbers, which even forced the usually conservative management to upgrade their forecasts for the current year. As well as being a world-leading electronics business, the company has assets in the shape of music and other content which could continue to drive significant growth within the business. The last name to highlight is a recent purchase: Foot Locker. This US retailer rose 40% after releasing its latest quarterly results, which demonstrated that the business was not declining as quickly as the market had feared. Whilst 'one swallow does not a summer make', virtually no weight is currently given to the possibility of a consumer-led acceleration at this stage of the US economic cycle, but this alone could lead to interest rates having to rise more quickly than the market believes. Given the support low rates have given to most asset markets, some degree of circumspection is warranted.

As we moved into December, the US Senate voted to pass the sweeping tax reforms proposed by Donald Trump and the Republican party. Prior to the formal announcement, banks and other financial stocks rose on the hopes of looser regulation, whilst many of the best performing sectors (technology and staples) went into reverse. The prospect of further economic momentum and the potential for steepening yield curves should benefit the Company's equity holdings whilst potentially posing a threat to many of the trades that have led markets this year. Our avoidance of the latter is in part responsible for the relatively dull performance over the last twelve months; we have eschewed the fastest-flowing parts of the stream for fear that they could be at the centre of any subsequently falls.

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 %	November 2017	Year to date	1 year	3 years	5 years	10 years
Total return NAV	0.0	0.4	2.3	11.2	26.4	118.2
Share price TR ¹	0.2	0.2	0.9	14.0	28.5	122.1

¹Assumes re-investment of dividends

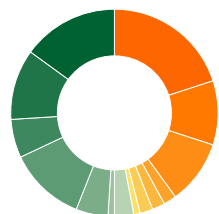
Percentage growth in total return NAV	%	As at 30 November 2017	p
30 Sep 2016 – 30 Sep 2017	1.6	Share price	233.00
30 Sep 2015 – 30 Sep 2016	10.9	Net Asset Value (NAV) per share	228.02
			%
30 Sep 2014 – 30 Sep 2015	0.7	Premium/discount to NAV	2.2
30 Sep 2013 – 30 Sep 2014	-0.6	NAV total return since inception ²	183.4
		Standard deviation ³	1.87
30 Sep 2012 – 30 Sep 2013	11.7	Maximum drawdown ³	-8.61

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

²Including 34.5p of dividends ³Monthly data (total return NAV)

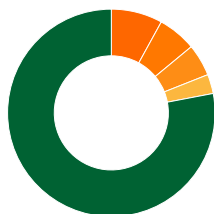
Ruffer Investment Company Limited as at 30 Nov 2017

Asset allocation



Asset allocation	%
Non-UK index-linked	15
Long dated index-linked	11
Index-linked gilts	6
Cash	12
Gold and gold equities	5
Options	1
Protective illiquid strategies	3
Japan equities	20
North America equities	10
UK equities	10
Europe equities	2
Asia ex-Japan equities	2
Other	2
Growth illiquid strategies	1
Currency allocation	%
Sterling	78
Yen	8
US dollar	6
Gold	5
Other	3

Currency allocation



10 largest of 63 equity holdings*

Stock	% of fund
T&D Holdings	2.7
Lloyds Banking Group	2.1
Sumitomo Mitsui Financial Group	2.1
Mizuho Financial	1.9
Mitsubishi UFJ Finance	1.5
Walt Disney Corp	1.4
Tenaris	1.3
Oakley Capital	1.2
Resona Holdings	1.2
Vivendi	1.1

5 largest of 10 bond holdings

Stock	% of fund
0.375% Treasury index-linked 2062	5.6
0.125% Treasury index-linked 2068	5.0
US Treasury 0.625% TIPS 2021	4.1
1.875% Treasury index-linked 2022	4.0
US Treasury 0.125% TIPS 2023	3.5

*Excludes holdings in pooled funds
Source: Ruffer AIFM Limited

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 £388.3m Market capitalisation £396.8m Shares in issue 170,313,416

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 2017

† © FTSE 2017. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Enquiries

Ruffer AIFM Ltd
80 Victoria Street
London SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk
www.ruffer.co.uk

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 DIRECTOR

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 30 November 2017, assets managed by the group exceeded £22.0bn.