

Investment monthly report – January 2017

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Ruffer Investment Company Limited

(a closed-ended investment company incorporated in Guernsey with registration number 41996)

Attached is the investment monthly report for February 2017.

Enquiries

Northern Trust International Fund Administration Services (Guernsey) Limited

Martin Bourgaize +44 1481 745552

# Ruffer Investment Company Limited

An alternative to alternative asset management

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.

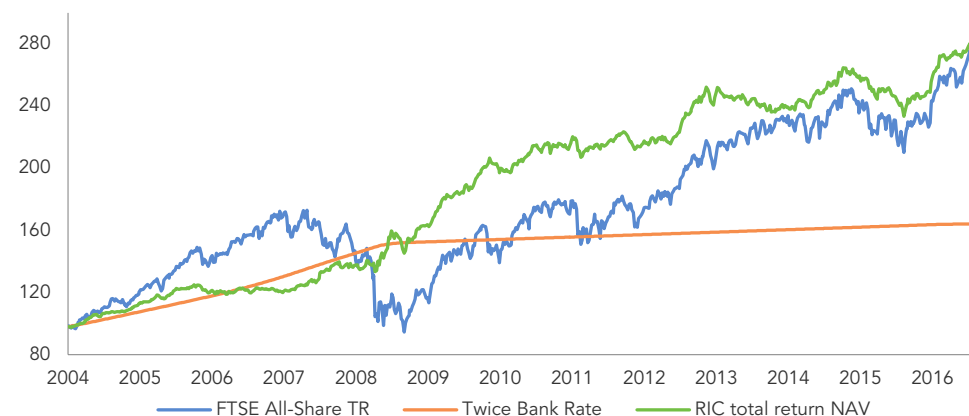


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## Investment objective

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 <sup>1</sup>	0.3	1.1	20.1	16.3	25.1	142.1

<sup>1</sup>Assumes re-investment of dividends

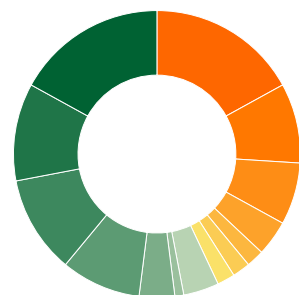
Percentage growth in total return NAV	%	As at 28 February 2017	p
30 Dec 2015 – 30 Dec 2016	12.4	Share price	237.25
30 Dec 2014 – 30 Dec 2015	-1.0	Net Asset Value (NAV) per share	230.96
			%
30 Dec 2013 – 30 Dec 2014	1.8	Premium/discount to NAV	2.7
30 Dec 2012 – 30 Dec 2013	9.5	NAV total return since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

Source: Ruffer AIFM Limited, FTSE International (FTSE)<sup>†</sup>

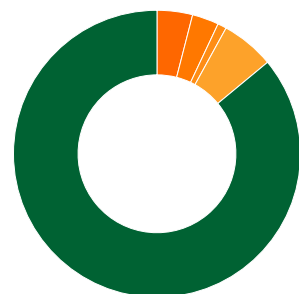
<sup>2</sup>Including 32.7p of dividends <sup>3</sup>Monthly data (total return NAV)

# 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
1.875% Treasury index-linked 2022	6.5
0.375% Treasury index-linked 2062	5.8
0.125% Treasury index-linked 2068	5.2
US Treasury 0.625% TIPS 2021	4.7
US Treasury 0.125% TIPS 2023	4.0

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

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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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## 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 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.