Ruffer Investment Company Limited – RICA

Investment monthly report

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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 April 2018.

Enquiries

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Ruffer Investment Company Limited

An alternative to alternative asset management

During April the net asset value of the Company rose by 1.1%. This compares with a rise of 6.4% in the FTSE All-Share Index.

April proved in the event not to be the cruellest month. World equities rose by around 3% in sterling terms, although this outturn was helped by a 2% fall in the value of the pound against the US dollar. As well as an element of recovery in the US currency after a long period of weakness, sterling's decline appears attributable to two interrelated factors. Firstly, the Bank of England governor Mark Carney's musings during the month that a rise in UK bank rate in May might not after all be a done deal. Secondly, weaker economic numbers released during the month for the UK, not only showing the domestic economy lagging well behind the US and the rest of Europe, but also suggesting that UK GDP growth is crawling to a near halt. How much of this slowdown is attributable to Brexit concerns, and how much is weather related, due to the temporary effects of the 'Beast from the East' cold spell, we will only learn from the coming months' data releases. Either way, the pound's weakness against the dollar in the second half of April proved supportive of our recent shift out of sterling to holding 15% in the US dollar. This was largely driven by our growing conviction that going forwards the dollar could act as a protection asset, rising when equity and bond markets fall, although the fact that sterling had almost recouped all of its post-Brexit losses, against the dollar at least, played some part in our decision.

As noted above, the UK was the standout equity market in April. Sterling's fall gave some succour to overseas earners, and a 7% rise in the oil price to $75 per barrel caused a double-digit surge in the holdings in Royal Dutch Shell and Statoil. In addition we, and indeed some other investors, could hardly have failed to notice the chronic underperformance of the UK equity market in previous months. Despite ongoing fears around Brexit or the risk of political change, to our minds this trend has thrown up opportunities either in multinationals seemingly penalised for their UK domicile, or in consumer-facing businesses where their prospects are deemed to be fatally compromised. Clearly with disrupters in full cry, one has to be very sure of one's ground in the latter category: in terms of recent purchases in the portfolio Shire would be an example of the former and Dixons Carphone of the latter.

The other phenomenon noted in recent weeks has been an upsurge in merger and acquisition activity. Our holding in Shire was a direct beneficiary of Takeda's advances and the Asda/Sainsbury merger will have an impact on our holding in Tesco, which is already up some 18% from this year's low. If permitted, the deal will create a near equal competitor in the UK in terms of market share, however this may also be accompanied by a more orderly and rational approach to pricing. Overall, $120bn worth of worldwide deals were announced on the last day of the month, and cumulative activity this year, at $1,677bn, is the highest since 2007. Perhaps an ominous portent. In addition there has been a sharp increase in the share element of such deals, with all-cash deals at a three-year low. Takeover activity invariably rises as the equity cycle matures; while in the short-term such activity can be supportive of share prices, we should also be acutely aware of its Janus-type characteristics.

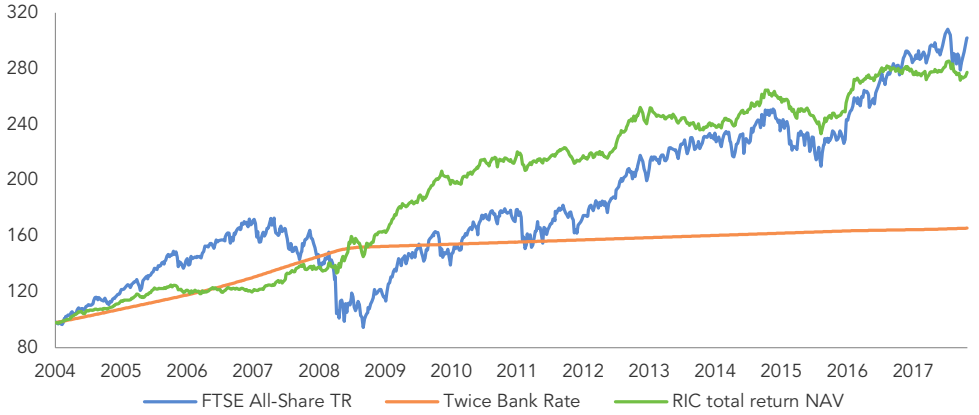
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Investment objective

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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
Total return NAV	1.1	-1.4	-0.4	6.0	12.4	103.8
Share price TR[1]	-0.2	-2.4	-1.2	8.4	10.6	108.9

[1]Assumes re-investment of dividends

Percentage growth in total return NAV	%
31 Mar 2017 – 31 Mar 2018	-1.4
31 Mar 2016 – 31 Mar 2017	12.8
31 Mar 2015 – 31 Mar 2016	-4.9
31 Mar 2014 – 31 Mar 2015	8.6
31 Mar 2013 – 31 Mar 2014	-2.1

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

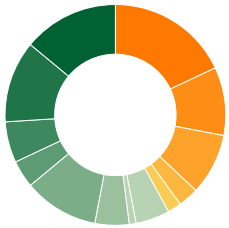
As at 30 April 2018	p
Share price	**228.50**
Net Asset Value (NAV) per share	**226.75**
	%
Premium/discount to NAV	0.8
NAV total return since inception[2]	182.9
Standard deviation[3]	1.85
Maximum drawdown[3]	-8.61

[2]Including 35.4p of dividends [3]Monthly data (total return NAV)

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.

Ruffer Investment Company Limited as at 30 April 2018

Asset allocation



Asset allocation	%
Non-UK index-linked	14
Long dated index-linked	12
Index-linked gilts	6
Short-dated bonds	4
Cash	11
Gold and gold equities	5
Options	1
Protective illiquid strategies	5
Japan equities	18
UK equities	10
North America equities	9
Asia ex-Japan equities	3
Europe equities	2

Currency allocation



Currency allocation	%
Sterling	70
US dollar	16
Yen	6
Gold	5
Other	3

10 largest of 51 equity holdings*

Stock	% of fund
T&D Holdings	2.6
Sumitomo Mitsui Financial Group	2.1
Mizuho Financial	1.8
Vivendi SA	1.8
Mitsubishi UFJ Finance	1.7
Walt Disney	1.7
Tesco	1.6
Resona Holdings	1.5
Japan Post Holdings	1.2
Tenaris	1.1

5 largest of 9 bond holdings

Stock	% of fund
0.375% Treasury index-linked 2062	5.6
0.125% Treasury index-linked 2068	5.2
US Treasury 0.625% TIPS 2021	3.9
1.875% Treasury index-linked 2022	3.9
US Treasury 0.125% TIPS 2023	3.4

*Excludes holdings in pooled funds
Source: Ruffer AIFM Limited

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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. The Key Information Document is provided in English and available on request or from www.ruffer.co.uk.

NAV £397.0m Market capitalisation £400.1m Shares in issue 175,088,416

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

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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 LF 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 April 2018, assets managed by the group exceeded £22.1bn.