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 June 2018.

Enquiries

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Ruffer Investment Company Limited

An alternative to alternative asset management

During June, the net asset value of the Company declined by 0.3%. This compares with a decrease of 0.2% in the FTSE All-Share Total Return Index.

June saw the Company give back a little of the gains made earlier in this quarter as the recovery from the February sell-off in global equity markets stalled in the face of several, mainly political, headwinds. President Trump's continued sabre rattling, or worse, on trade tariffs has begun to cause genuine concern for investors. Meanwhile, within the EU, the seemingly insoluble issue of immigration is forcing open cracks between member states and threatening the cohesion of individual governments. As a result, global equity markets are struggling to make headway this year, with emerging markets feeling the worst of the pain and now some 20% below their January highs.

If June itself was somewhat lacklustre in equity markets, the same cannot be said for the second quarter as a whole. Looking through the admittedly narrow lens of the UK market, domestic equities have risen almost 10% in the last three months, recouping the losses from Q1 and turning on its head the consensus view, mirrored in global investor surveys, that the UK market was one to avoid. It is certainly true that in the two years since the Brexit vote, the country has fallen from the top of the league of developed nations in terms of economic growth to the relegation zone. When investing in equities, however, there is almost always a price for everything, and UK stocks had simply become too cheap.

Recognising that for shares, price can always trump sentiment, we increased the fund's UK exposure and have reaped the benefits in the last quarter. Investments made in global businesses whose only sin was to be listed in the UK, but still attracted sizeable discounts to their overseas peers, have made double-digit returns. Meanwhile, even stocks more directly focused on the domestic economy, and worse still, consumer retail, can still deliver outsize gains if the price is in your favour and management capable. Step forward the fund's largest holding, Tesco, up 25% and rather more unusually, Ocado, almost doubling in the quarter.

This is where our approach of always investing in a balance of 'fear' and 'greed' in the portfolio comes into its own. We are certainly cautious, if not downright fearful over the outlook for almost all financial assets and this is reflected in a preponderance of protection assets (fear) in the portfolio such as index-linked bonds, gold and options on volatility and interest rates. These stand guard against a future that we believe will be anything but rosy. However, no matter how nervous we are, we will always retain some greed (equities) in the portfolio, both to make time our friend while awaiting the next crisis and to take advantage of any opportunities that should come our way. This year the opportunity turned out to be hiding in plain sight, right under our noses here in the UK. Even now, with global investor surveys still overwhelmingly negative on the domestic market, there could be more to come.

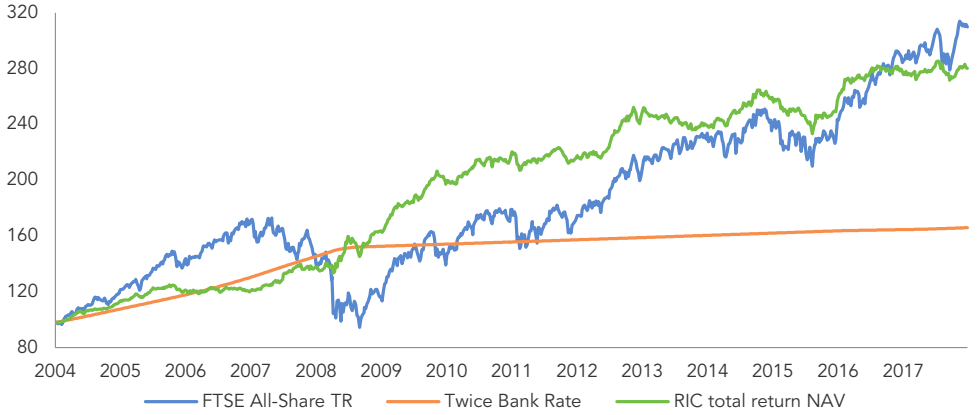
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June 2018 **Issue 157**

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 %	June 2018	Year to date	1 year	3 years	5 years	10 years
Total return NAV	-0.3	-0.4	0.8	8.5	14.0	103.3
Share price TR[1]	-1.1	-1.3	-1.0	7.5	14.2	110.2

[1]Assumes re-investment of dividends

Percentage growth in total return NAV	%
30 Jun 2017 – 30 Jun 2018	0.8
30 Jun 2016 – 30 Jun 2017	8.8
30 Jun 2015 – 30 Jun 2016	-1.0
30 Jun 2014 – 30 Jun 2015	7.9
30 Jun 2013 – 30 Jun 2014	-2.6

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

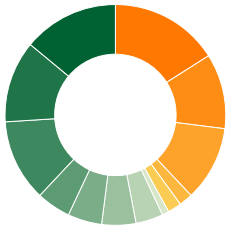
As at 29 June 2018	**p**
Share price	**231.00**
Net Asset Value (NAV) per share	**228.97**
	%
Premium/discount to NAV	0.9
NAV total return since inception[2]	185.7
Standard deviation[3]	1.83
Maximum drawdown[3]	-8.62

[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.

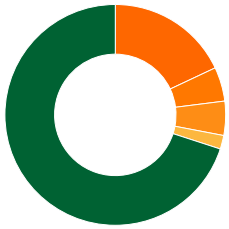
Ruffer Investment Company Limited as at 29 June 2018

Asset allocation



Asset allocation	%
Non-UK index-linked	14
Long dated index-linked	12
Cash	12
Protective illiquid strategies	5
Gold and gold equities	5
Index-linked gilts	5
Short-dated bonds	4
Options	1
Japan equities	16
North America equities	11
UK equities	11
Europe equities	2
Asia ex-Japan equities	2

Currency allocation



Currency allocation	%
Sterling	70
US dollar	18
Yen	5
Gold	5
Other	2

10 largest of 52 equity holdings*

Stock	% of fund
T&D Holdings	2.4
Sumitomo Mitsui Financial Group	2.0
Walt Disney	1.9
Vivendi SA	1.7
Tesco	1.7
Mitsubishi UFJ Finance	1.5
Mizuho Financial	1.4
Resona Holdings	1.4
Ocado Group	1.3
Japan Post Holdings	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	5.2
US Treasury 0.625% TIPS 2021	4.0
1.875% Treasury index-linked 2022	3.9
UK Government 0% T-Bill 2018	3.7

*Excludes holdings in pooled funds
Source: Ruffer AIFM Limited

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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 £405.7m Market capitalisation £409.3m Shares in issue 177,188,416

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 June 2018, assets managed by the group exceeded £22.3bn.