Half-yearly financial report

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Ruffer Investment Company Limited

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(Classified Regulated Information, under DTR 6 Annex 1 section 2.5)

Half-yearly financial report

The Company has today, in accordance with DTR 6.3.5, released the attached half-yearly financial report for the six months ended 31 December 2018.

Ruffer Investment Company Limited

Half-yearly financial report
for the period ended
31 December 2018 (unaudited)

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Key performance indicators

	31 Dec 18
Share price total return over six months	(10.02%)
NAV total return per share over six months	(5.08%)
Discount of traded share price to NAV	(3.83%)
Dividends per share over six months	0.9p
Annual dividend yield	0.87%
Annualised NAV total return per share since launch	7.30%
Ongoing charges ratio	1.18%

Financial highlights

	31 Dec 18	30 Jun 18
Share price	207.00p	231.00p
NAV	£391,937,493	£406,308,003
Market capitalisation	£374,232,021	£409,305,241
Number of shares in issue	180,788,416	177,188,416
NAV per share at period/year end as calculated on an IFRS basis	216.80p	229.30p

Company information

Incorporation Date	1 June 2004	
Launch Date	8 July 2004	
Launch Price	100p per share	
Initial Net Asset Value	98p per share	
Accounting dates	Interim	Final
	31 December	30 June
	(Unaudited)	(Audited)

Refer to note 10 on page 34 for the reconciliation between the NAV per share released on the London Stock Exchange (LSE) and the NAV per share calculated on an International Financial Reporting Standards (IFRS) basis.

Refer to the glossary on pages 43 to 46 for descriptions of the key performance indicators and financial highlights mentioned above.

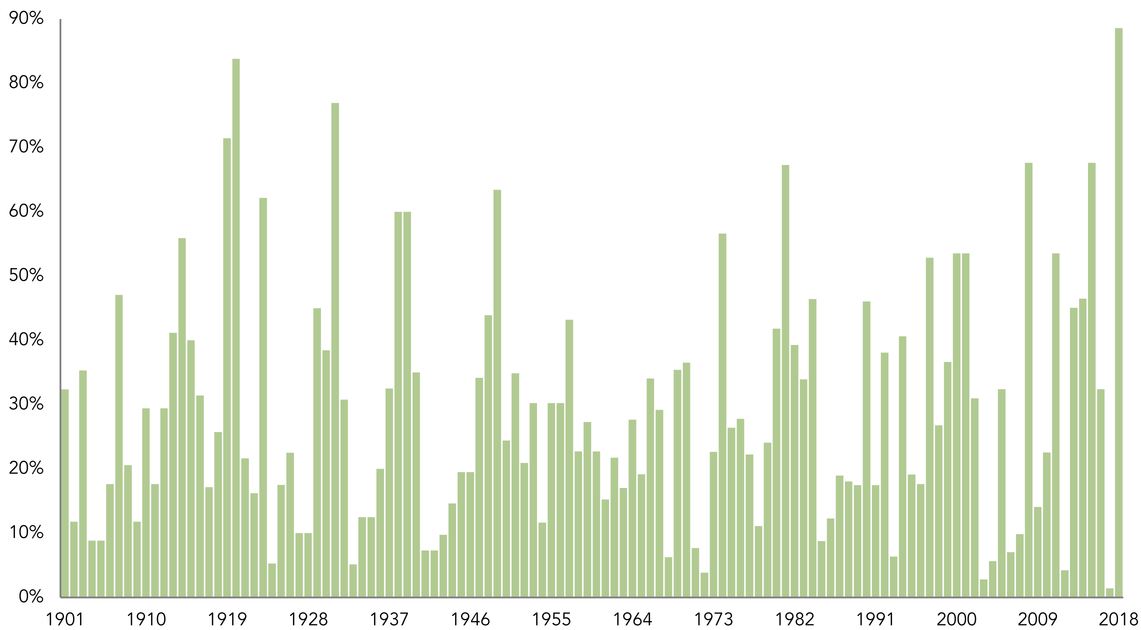
Chairman's review

Regular readers of these Accounts will, I hope, be pleased to see the inclusion, for the first time in this Company's history, of a Chairman's Statement at the interim stage. The decision to include such a statement was taken some months ago and, given the market turmoil and several other developments, it is now especially apposite.

Performance

Your Manager goes into considerable detail to explain the poor performance during the period. A 5.08% decline in the NAV per share since June 2018 and a 6.07% decline for 2018 is disappointing – we have failed to achieve our objective by some margin and this is a matter of considerable regret. Your Directors are well aware that this Company is often held as a bedrock position in many portfolios where the preservation of capital is important. It is scant consolation to such investors to learn that a recent Deutsche Bank study has revealed that over 90% of global asset classes posted a negative return in US dollar terms during calendar 2018 – an unprecedentedly gloomy correlation which has not occurred in over a century.

A record share of asset classes posted negative total returns (in dollars) going back to 1901



Source: Deutsche Bank and Ruffer to December 2018.

Ruffer has built a respected business on the grounds of an all-weather portfolio capable of producing positive returns in all scenarios. Ruffer clients enjoyed fabulous gains during the otherwise horrible years of the Technology, Media and Telecoms Crisis of 2000 and the Financial Crash of 2008/2009. In fairness, Jonathan Ruffer has regularly warned over the past three years that once the next crisis starts there will be no hiding place, for there are no obvious offsets, and that negative returns must be expected before the investments in the portfolio produce a positive return.

I warned in my last statement that the investments your Manager makes for the Company are designed to protect you against the financial equivalent of storms and worse, which I'd categorise as 15%+ falls in global equity markets, rather than heavy shower conditions, typically around the 10% level. The cost of protecting the portfolio against severe financial storms is up to 3% per annum; the equivalent cost of insuring against small setbacks would therefore be prohibitively expensive. In 2018 we experienced a couple of serious downpours – in February and November/December when our protective or 'fear' investments started to work but failed to fully offset the damage done to our 'greed' assets.

Earnings and dividends

Earnings for the half year were 0.94p per share on the revenue account and -12.63p per share on the capital account. Earnings from the revenue account remain relatively low due to the heavy weighting in index-linked securities, illiquid strategy funds, options, gold and gold equities, most of which yield next to nothing but instead have valuable capital preservation qualities. At present, it looks as if a total annual dividend of 1.80p will be sustainable, but the Directors will not hesitate to reduce the dividend again should this prove necessary. As far as setting the dividend is concerned the Directors are determined to give the Investment Manager maximum flexibility to follow whichever course will lead to the best total return for our shareholders. We regard income as a side effect, welcomed but not targeted, of the investment process and rest assured we will not draw on capital to maintain the dividend. We consider such an approach to be in direct conflict with the Company's capital preservation objective.

Share issuance

Since 30 June 2018 Cannacord, our brokers, have sold 3.6m newly issued shares at a 1.5% premium or better to the prevailing NAV.

Share buyback authority

This power has not been invoked over the period of this report. The Board sought at the AGM on 4 December 2018 a renewal of its authority to buy back shares at a discount to NAV and this Resolution was carried. We now have the mechanisms in place to buy back shares if the NAV was to fall to a persistent or significant discount. We do not think it wise to have a rigid formula in place, but rest assured that we would act to prevent the Company falling to a sustained and meaningful discount and the Board has previously acted to counter a discount in the Company's shares.

Directors and related party share purchases

No additional shares were acquired by Directors during the period under review. After the period end, on 9 January Duncan MacInnes, who co-manages the Company's portfolio with Hamish Baillie in Edinburgh, bought 7,000 shares at 214.75p.

Board succession planning

Advice given on 5 February 2019 by The Association of Investment Companies (AIC), of which your Company is a member, states that their lobbying of the Financial Reporting Council (FRC) has been successful. The previous direction from the FRC in relation to the AIC Code of Corporate Governance 2019 was that no Director should serve for more than nine years unless they are prepared to sacrifice their independence and that no chairman should serve more than nine years at all except in very limited circumstances. The AIC Code of Corporate Governance 2019 has now been modified such that chairmen of investment companies may serve beyond the nine year point, providing that a clear policy on the chairman's tenure is disclosed. I was on the verge of retiring, having served for ten years, but I have now been given a stay of execution and the Directors have agreed, given the Board changes that have already been made recently, that it is best that I should stay on for another couple of years, which I am happy to do. The Board will discuss this issue at the next Board meeting and the Company's new policy on the Chairman's tenure will be disclosed in the Annual Report for the year ending 30 June 2019. The Board will be looking to appoint another director within the next year to take the place of John Baldwin, who has indicated his intention to retire from the Board in 2020.

Whilst on the subject of Directors, I am very sorry to report that Sarah Evans, who served as your Audit Committee Chairman from July 2016 until she resigned through ill health on 31 January 2018, died in Guernsey on 23 November 2018. Our thoughts are with Huw and their four children. We're all very grateful to Sarah for her expertise, her friendship and, not least, for recommending David Staples as a possible successor. David proved to be the stand out candidate of those whom we interviewed and he was appointed on 2 March 2018.

New company secretary and administrator

On 1 April 2019, we shall bid farewell to Northern Trust as our Company Secretary and Administrator. Northern Trust have provided your Company with a good service since our flotation in 2004 and we are duly grateful to them. Praxis will be taking over as Company Secretary and Administrator at a usefully lower fee, whilst Northern Trust will retain their roles as Custodian and Depositary to the Company. We believe that it is best practice to separate the roles of Company Secretary and Administrator from those of Custodian and Depositary, however impenetrable the Chinese walls may be.

Annual general meeting results

At the AGM, which was held at the Company's registered offices in Guernsey on 4 December 2018, all motions were carried. However, your Company has ended up on the Investment Association's Public Register and it is my duty to address why it was that 23% of those who cast votes decided to vote against Resolution 12. The Resolution reads as follows -

That the Board be and is hereby empowered under the Articles of Incorporation (the 'Articles') to allot 17,973,841 equity securities (as defined in the Articles) being 10% of the equity securities in issue as at the latest practicable date prior to the date of this notice, excluding shares held in treasury for cash and pursuant to Article 7(2)(g) of the Articles. The right of Shareholders to receive a pre-emptive offer pursuant to Article 7(2)(b) of the Articles shall hereby be excluded in respect of the equity securities the Board is empowered to allot pursuant to this resolution, provided that this power shall expire (unless previously renewed, varied or revoked by the Company in general meeting) immediately prior to the Annual General Meeting of the Company to be held in 2019.

In short, one well known corporate governance advisory firm, without notifying the Directors or our Company Secretary, decided to recommend to their clients that they should vote against the Resolution because a) they do not like companies to dis-apply the pre-emption rights of more than 5% of their outstanding shares and b) they presumably read it as giving us carte blanche to issue shares at a discount to NAV, whereas this would be in direct contravention to what I wrote in my last Chairman's statement in July 2018.

Quite aside from that commitment, the Directors would not anyway go against Listing Rule 15.4.11 which stipulates that: "Unless authorised by its shareholders, a closed-ended investment fund may not issue further shares of the same class as existing shares (including issues of treasury shares) for cash at a price below the net asset value per share of those shares unless they are first offered pro rata to existing holders of shares of that class."

When I did become aware of this advice I spent a busy afternoon at the eleventh hour contacting our leading shareholders explaining that your Directors would never issue new shares at anything less than a 1.5% premium to NAV, at which price the exercise is undoubtedly accretive to existing shareholders. The purposes in growing the Company through tapping out shares into firm demand are manifold; namely a) spreading the fixed costs of running the company over a larger number of shares thus reducing the Ongoing Charges Figure to the benefit of all; b) providing liquidity in the shares whilst increasing the market capitalisation of the Company, which means that the Company's shares are more attractive to even the largest institutions and; c) ensuring that the premium to NAV remains at a reasonable level, so that those buying the shares do so at a slight premium to NAV. In some 12 months periods, we have come close to tapping out more than 5% of the shares in issue. Your Directors feel that they would rather not put shareholders to the extra expense of organising an Extraordinary General Meeting to obtain permission to allot an additional 5%, so it was decided that 10% was appropriate. As it happens, the AIC suggests that Investment Companies may allot up to 20% of their share capital each year.

Outlook

Markets remain febrile and especially so in the UK, where the ill-starred Brexit negotiations are likely to haunt us for some months yet.

Although disappointed and discomforted by their failure to achieve their objectives, those executives at Ruffer to whom I have spoken over the past few weeks remain 'on the front foot', looking to protect their clients against generationally important events and confident that their chosen path is the right one. They are completely focused on ensuring that their selected investments are the most suitable instruments to enable their clients not only to weather the storm but also to come out the other side in good order. As you might expect, your Directors have been seeking reassurance from the Manager on the Company's portfolio but we will remain vigilant and closely monitor performance and positioning in 2019.

Ashe Windham

28 February 2019

Investment Manager's report

Performance review

What will the financial historians likely say about 2018? The most striking factor was the all-encompassing nature of the decline in the second half of the year which is the period of this report. From our perspective this was about market structure and liquidity rather than economic fundamentals. Recent market volatility has not been an economic event (yet) but a financial market one: the global economy has been growing robustly with the US at the forefront. Yet as the Chairman's Statement highlighted, a Deutsche Bank study of 70 asset classes demonstrated that more than 90% posted losses in dollar terms for the year; a record since 1908.

In December not a single company managed to borrow money in the $1.2 trillion high yield market and it will go down as the worst December ever for US stocks. Oil plunged 42% with no clear catalyst and President Trump scared the horses by engaging in trade wars and musing about firing the Chairman of the Federal Reserve. For the first time in several years Federal Reserve and Treasury communication policy hurt rather than helped the market.

Unfortunately, as the numbers at the front of this report show, Ruffer Investment Company was not immune. We posted a nominal loss of 5.08% of NAV and thus failed to meet our investment objective. For many managers adverse market conditions can be put forward as an excuse for posting a loss, but we pride ourselves in taking on responsibility to perform in both good times and bad. Investors have given us flexibility as to where to invest their funds and so there should be no excuses.

In the six months to 31 December the only asset classes which made positive contributions to performance were the Ruffer Illiquid Strategies funds (which contributed 0.6% to the NAV) and US dollar (which contributed 0.3% to the NAV). Our equities, discussed below, cost the NAV 3.7%.

The decision was taken to gradually reduce risk and increase protections over the period. The volatility shock of February demonstrated that traditional safe havens cannot be relied upon in the next crisis; thus our protections have necessarily included investments designed to benefit from disruptions in credit markets and spikes in volatility. Our defences have been increased in this area over the period and they worked well. The Ruffer Illiquid Multi-Strategies Fund 2015 was up 30% in the final quarter of the year. It is encouraging that towards the end of the year, when the sell-off in markets intensified, our protective assets started to kick in. A deterioration in markets from here should see the Company perform well.

Portfolio changes

One reason the Company has avoided conventional bonds is the threat posed by rising interest rates. This has proved to be the right thing to do after four interest rate hikes in 2018 in the US.

However, it has now thrown up an opportunity in TIPS (US inflation-linked bonds), which offer a positive real yield in arguably one of the safest assets in the world. We have taken advantage of this and re-engaged in significant size, adding 10% of the portfolio to both short and long TIPS since June, funded from cash and sales of equities.

Despite having its lowest weighting to equities since 2008 (34%), the Company has suffered by owning unloved cyclicals and financials. Our interest in these areas arose because there was every sign of a late-cycle boom in the US economy (which benefits the earnings of cyclical companies) accompanied by higher interest rates (which benefit financials). Economic growth continues to materialise but valuation provided no protection as our equities fell as much as broader markets. We continue to have conviction that the Company's equities are capable of delivering powerful returns should the market regain composure as both earnings and valuation multiples rise.

Specific highlights within the equity holdings include Apple which we sold at $220; a good exit having doubled our money (the stock now sits at $146). We reduced the holding in Herald Worldwide, locking in a gain of 345% – we retain confidence in the manager with the remaining holding but wanted to reduce overall equity exposure. Check Point Software, the cyber security business, was another stock we sold for a gain (+46%). Less successful was our investment in Dixons Carphone (-30%), a stock undergoing a turnaround under a new management team which has been caught up in the brutal sentiment around UK high street retail. Dixons Carphone is robust enough to be the last man standing.

In Japan, NTT Urban was bid for at a 30% premium to the market price; this alone added 0.3% to the NAV and highlighted some of the value on offer in Japanese equities. The long held position in Japanese financials was reduced by around half to 5%. These companies remain a geared play on reflation and global growth and are an unloved sector in an unloved market, but the window of opportunity for them to have a late cycle moment in the sun is closing. Due to the valuations and momentum of corporate change, Japan remains one of the most interesting markets in the world to take equity risk.

Gold was increased in the period from 5% to 8%, this included a rotation of the exposure from bullion to gold equities. The portfolio now has 7% in gold equities which we view as a supercharged play on the commodity. These stocks are cheap by historical standards, unpopular and ripe for consolidation. We see two ways to win: significant corporate activity and a re-rating; or macro events developing favourably for gold. The first signs of the former emerged when Randgold Resources tied up with Barrick and Randgold appreciated by 45% in the period since we bought the shares.

Brexit

Operational Perspective

No change in the portfolio management process is envisaged, as the Company mandate is contracted with a UK based entity – Ruffer AIFM limited.

The impact on trading venues is still unknown. Impacts are likely to be operational (for example, Ruffer AIFM Limited might have to undertake MiFID trade report in future), however, it is not envisaged that alterations would have to be made to the instruments held nor the markets used for managing the Company's portfolio. It is likely that any issues that arise will apply to the whole Ruffer group and not the Company in isolation.

No issues have been identified in respect of the services providers such as custodians, administrators and brokers.

Investment Perspective

The investment philosophy at Ruffer of focussing on minimising the risk of losing money applies to the potential Brexit scenarios.

In the event of a 'hard Brexit', the Manager would expect sterling to decline and domestically-focused UK shares to suffer, as happened in the immediate aftermath of the referendum result. Some domestically focussed UK equities are held but it is felt that this risk is offset through more than 30% of the Company's portfolio being held outside sterling and 12% being held in long-dated UK index-linked bonds, which would rise in value when sterling falls due to higher anticipated inflation.

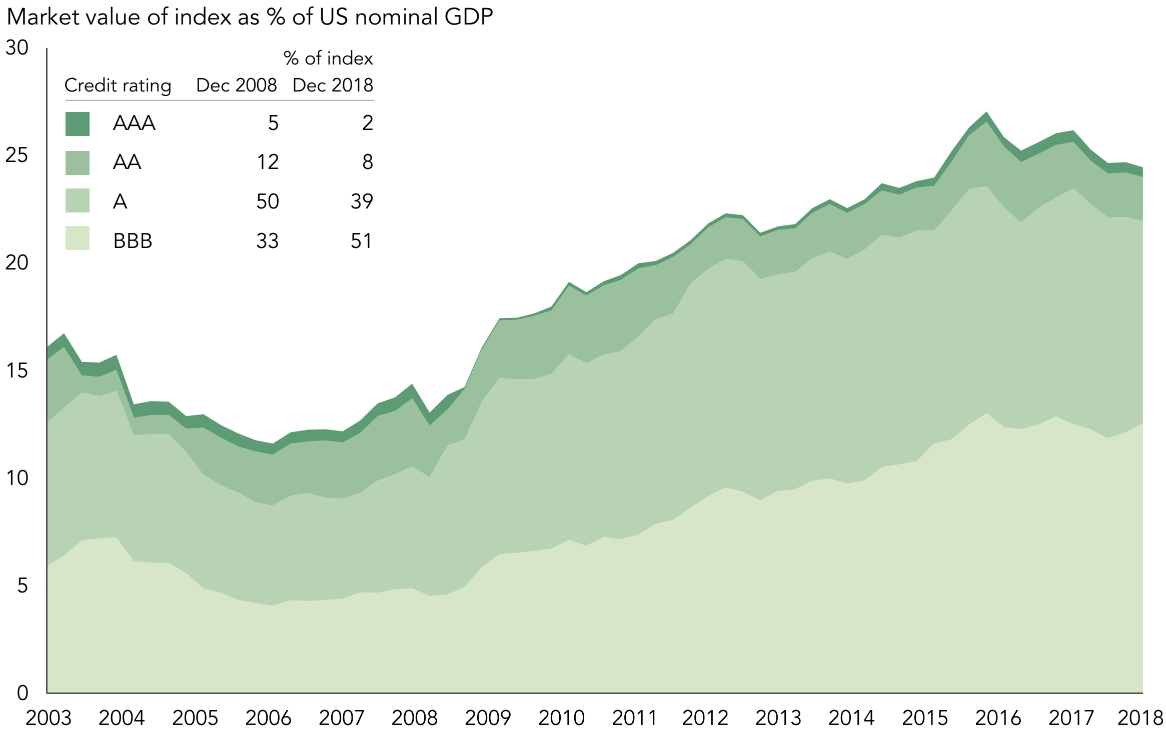
It is also possible that following a 'hard Brexit' UK nominal bond yields could rise if the UK's credit rating is deemed to be adversely affected. Such a development could harm the Company's inflation-linked bonds, but here again we would expect the majority of the pain to be felt through the currency, with similar effects on UK inflation expectations to those described above. Exposure to US Treasuries would act as an offset as would GBP payer swaptions which rise in value when gilt yields rise.

Under a more benign Brexit resolution the impacts described above could act in reverse. If there were some perceived resolution to the Brexit negotiations it is likely that sterling would appreciate. It is for this reason that the majority of the overseas currency exposure is hedged, ensuring that the negative impacts are minimised. Sterling exposure remains around 70%.

Investment outlook

We believe the middle of 2018 marked the top for global stock markets. Unlike 2008, it is not certain the market ruptures will take the economy over the cliff with it. The degree to which the contagion spills over from Wall Street to Main Street and influences consumer behaviour will go a long way towards determining how serious an event this becomes. Nevertheless, it is our view that financial markets are gradually embarking on a regime change: from a central-bank-controlled and asset-price-friendly environment of low inflation and low interest rates; towards a regime of higher inflation, higher interest rates and increased political interventions, a regime that will be unfriendly for asset prices and investors.

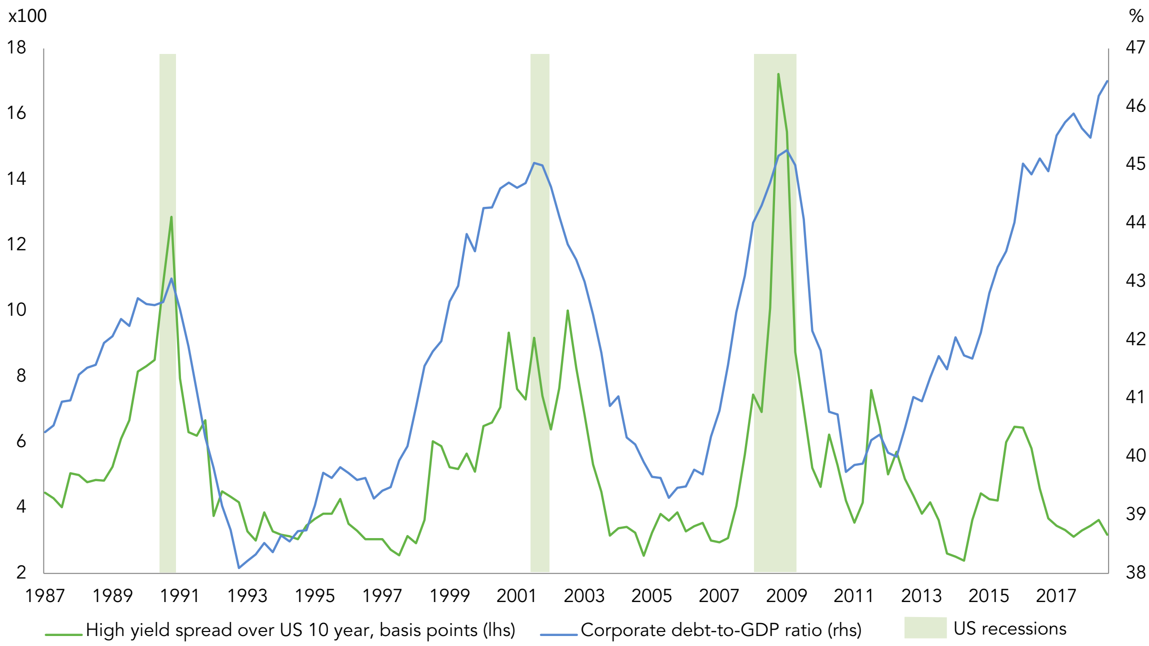
Avalanche prone: US corporate credit risks are rising



Source: BEA, Bloomberg, Bloomberg Barclays, Thomson Reuters Datastream, JPMorgan Asset Management – Guide to the Markets. Index is Bloomberg Barclays US Corporate Investment Grade. Credit rating methodology is the middle of Standard & Poor's, Moody's and Fitch ratings. Past performance is not a reliable indicator of current and future results. Guide to the Markets-UK. Data as at 31 December 2018.

Credit markets are likely to be the epicentre of risk: they have experienced enormous inflows as a result of quantitative easing and zero interest rates, and now liquidity conditions have reversed. The combination of a potential run on bond funds and the possibility that investors might be attracted by the higher nominal interest rates in governments bonds provides the context for a bumpy ride in fixed income markets as monetary accommodation continues to be drawn away. Our worry centres upon the potential for gaps and discontinuous liquidity in markets and vehicles which are presumed to be liquid. If credit markets continue to tighten, selling pressure will migrate to the most liquid areas of capital markets, primarily equities. We retain our conviction that the protections within the illiquid strategies portion of the Company's portfolio will increase many times in value if the stresses observed begin to manifest themselves more seriously. As mentioned above, perhaps we saw the beginning of this in the last few months of 2018.

US corporate debt-to-GDP ratio versus high yield credit spreads



Source: Bloomberg, Thomson Reuters Datastream. High yield spread defined as Barclays Capital US Corporate High Yield 'yield to worst' minus US 10 year Treasury yield.

In summary, after a good year in 2016, a dull year in 2017, and a disappointing one in 2018 there is plenty of evidence to suggest that we are right to be concerned by the outlook for financial markets. The Company is well positioned to protect investors from a significant deterioration in markets, but it should also make a modest positive return if our fears are misplaced and this latest tremor does not turn into something more sinister.

Ruffer AIFM Limited
28 February 2019

Top ten holdings

Investments	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
Ruffer Illiquid Multi Strategies Fund 2015†	GBP	31,639,824	23,529,050	6.01
US Treasury Inflation Indexed Bond 0.375% 15/07/2023	USD	27,000,000	22,521,952	5.75
UK Index-Linked Gilt 0.125% 22/03/2068	GBP	9,000,000	22,311,567	5.69
UK Index-Linked Gilt 0.375% 22/03/2062	GBP	8,700,000	22,101,802	5.64
US Treasury Inflation Indexed Bond 0.625% 15/01/2024	USD	26,000,000	21,777,246	5.56
LF Ruffer Gold Fund*	GBP	15,020,432	21,748,084	5.55
US Treasury Inflation Indexed Bond 0.125% 15/01/2023	USD	26,000,000	21,599,851	5.51
US Treasury Inflation Indexed Bond 0.625% 15/07/2021	USD	19,350,000	16,858,980	4.30
UK Index-Linked Gilt 1.875% 22/11/2022	GBP	8,000,000	12,924,312	3.30
US Treasury Inflation Indexed Bond 1.125% 15/01/2021	USD	10,000,000	9,034,544	2.31

* LF Ruffer Gold Fund is classed as a related party because its investment manager, Ruffer LLP, is the parent company of the Company's Investment Manager.

† Ruffer Illiquid Multi Strategies Fund 2015 Ltd is classed as a related party as it shares the same Investment Manager as the Company.

Statement of principal risks and uncertainties

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board has carried out a robust assessment of the principal risks and uncertainties facing the Company by using the Company's risk matrix as the basis for analysing the Company's system of internal controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy.

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Financial Report for the year ended 30 June 2018. The principal risks disclosed include investment risk, operational risk, accounting, legal and regulatory risk and financial risks. A detailed explanation of these can be found on pages 14 and 15 in the Annual Financial Report. The Board and Investment Manager do not consider these risks to have materially changed during the six months ended 31 December 2018, and are not expected to change in the remaining six months of the financial year.

Going concern

The Directors believe that, having considered the Company's investment objective (see Business Model and Strategy on page 11 of the Annual Financial Report), financial risk management and associated risks (see note 19 to the Financial Statements on pages 79 to 92 of the Annual Financial Report) and in view of the liquidity of investments, the income deriving from those investments and its holding in cash and cash equivalents, the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of these Interim Financial Statements.

Responsibility statement

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge -

- the half-yearly financial report and Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting and

- the half-yearly financial report and Unaudited Condensed Interim Financial Statements (including the Investment Manager's Report) meet the requirements of an interim management report and include a fair review of the information required by -

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of principal risks and uncertainties for the remaining six months of the year and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Ashe Windham
Chairman
28 February 2019

Independent review report to the shareholders of Ruffer Investment Company Limited

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2018 which comprises the condensed statement comprehensive income statement, condensed statement of financial position, condensed statement of changes in equity, condensed statement of cash flows and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the Annual Financial Report of the Company is prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 31 December 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
St Peter Port
Guernsey
1 March 2019

Condensed statement of financial position (unaudited)
as at 31 December 2018

	Notes	31 Dec 18 £ (unaudited)	30 Jun 18 £ (audited)
Assets			
Current assets			
Investments at fair value through profit or loss		376,530,253	358,668,270
Cash and cash equivalents		17,299,361	47,636,234
Derivative financial assets	9	291,317	5,516
Receivables		600,001	3,306,598
Total assets		394,720,932	409,616,618
Liabilities			
Current liabilities			
Payables		1,829,445	1,545,700
Derivative financial liabilities	9	953,994	1,762,915
Total liabilities		2,783,439	3,308,615
Net assets		391,937,493	406,308,003
Represented by			
Capital and reserves attributable to the Company's shareholders			
Share capital		186,459,985	178,294,916
Other reserves		205,477,508	228,013,087
Total equity		391,937,493	406,308,003
Net assets attributable to holders of redeemable participating preference shares (per share)	10	216.8p	229.3p

The Unaudited Condensed Interim Financial Statements on pages 19 to 34 were approved on 28 February 2019 and signed on behalf of the Board of Directors by

Ashe Windham
Chairman

The notes on pages 23 to 34 form an integral part of these Unaudited Condensed Interim Financial Statements.

Condensed statement of comprehensive income (unaudited)
for the period ended 31 December 2018

	Notes	Revenue £	Capital £	1 Jul 18 to 31 Dec 18 Total £	1 Jul 17 to 31 Dec 17 Total £
Fixed interest income		364,621	–	364,621	370,429
Dividend income		2,117,356	–	2,117,356	1,957,374
Net changes in fair value of financial assets at fair value through profit or loss		–	(16,376,855)	(16,376,855)	1,570,779
Other (losses)/gains	5	–	(4,342,668)	(4,342,668)	3,407,148
Total income		2,481,977	(20,719,523)	(18,237,546)	7,305,730
Management fees	7	–	(1,891,129)	(1,891,129)	(1,781,073)
Expenses	6	(509,710)	–	(509,710)	(466,085)
Total expenses		(509,710)	(1,891,129)	(2,400,839)	(2,247,158)
(Loss)/profit for the period before tax		1,972,267	(22,610,652)	(20,638,385)	5,058,572
Withholding tax		(284,498)	–	(284,498)	(200,961)
(Loss)/profit for the period after tax		1,687,769	(22,610,652)	(20,922,883)	4,857,611
Total comprehensive (loss)/income for the period		1,687,769	(22,610,652)	(20,922,883)	4,857,611
Basic and diluted earnings per share*		0.94p	(12.63p)	(11.69p)	2.89p

* Basic and diluted earnings per share are calculated by dividing the profit after taxation by the weighted average number of redeemable participating preference shares. The weighted average number of shares for the period was 179,033,254 (31 December 2017: 167,942,104).

The notes on pages 23 to 34 form an integral part of these Unaudited Condensed Interim Financial Statements.

Condensed statement of changes in equity (unaudited)
for the period ended 31 December 2018

	Notes	Share capital £	Other reserves £	Total 1 Jul 18 to 31 Dec 18 £
Balance at 30 June 2018		178,294,916	228,013,087	406,308,003
Total comprehensive loss for the period		–	(20,922,883)	(20,922,883)
Transactions with Shareholders				
Share capital issued	4	8,206,100	–	8,206,100
Share issue costs	4	(41,031)	–	(41,031)
Distribution for the period	3	–	(1,612,696)	(1,612,696)
Balance at 31 December 2018		186,459,985	205,477,508	391,937,493
Net assets attributable to holders of redeemable participating preference shares at the end of the period				391,937,493

	Notes	Share capital £	Other reserves £	Total 1 Jul 17 to 31 Dec 17 £
Balance at 30 June 2017		148,250,891	227,350,815	375,601,706
Total comprehensive income for the period		–	4,857,611	4,857,611
Transactions with Shareholders				
Share capital issued		14,614,650	–	14,614,650
Share issue costs		(73,073)	–	(73,073)
Distribution for the period	3	–	(1,511,671)	(1,511,671)
Balance at 31 December 2017		162,792,468	230,696,755	393,489,223
Net assets attributable to holders of redeemable participating preference shares at the end of the period				393,489,223

Under The Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and reserves, subject to satisfying a solvency test.

The notes on pages 23 to 34 form an integral part of these Unaudited Condensed Interim Financial Statements.

Condensed statement of cash flows (unaudited)

for the period ended 31 December 2018

	Notes	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 31 Dec 17 £
Cash flows from operating activities			
(Loss)/profit for the period after tax		(20,922,883)	4,857,611
Adjustments for			
Net changes in fair value of financial assets at fair value through profit or loss		16,376,855	(1,570,779)
Increase in investment income, derivative financial assets and other receivables		(489,946)	(3,334,926)
Decrease in payables and derivative financial liabilities		(475,677)	(558,913)
Exchange (gains)/losses on cash and cash equivalents		(110,209)	210,848
Purchase of investments		(133,872,492)	(55,303,660)
Sale of investments		102,263,063	40,948,043
Net cash used in operating activities		(37,231,289)	(14,751,776)
Cash flows from financing activities			
Dividends paid	3	(1,612,696)	(1,511,671)
Proceeds from issue of redeemable participating preference shares		8,439,100	15,437,500
Share issue costs		(42,197)	(77,187)
Net cash generated from financing activities		6,784,207	13,848,642
Net decrease in cash and cash equivalents		(30,447,082)	(903,134)
Cash and cash equivalents at beginning of the period		47,636,234	27,950,946
Exchange gains/(losses) on cash and cash equivalents		110,209	(210,848)
Cash and cash equivalents at end of the period		17,299,361	26,836,964

The notes on pages 23 to 34 form an integral part of these Unaudited Condensed Interim Financial Statements.

Notes to the unaudited condensed interim financial statements
for the period ended 31 December 2018

1 The Company

The Company was incorporated with limited liability in Guernsey on 1 June 2004 as a company limited by shares and as an authorised closed-ended investment company. As an existing closed- ended fund the Company is deemed to be granted an authorised declaration in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008. The Company is listed on the Premium Segment of the London Stock Exchange (LSE).

2 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's Unaudited Condensed Interim Financial Statements.

Basis of preparation

The Unaudited Condensed Interim Financial Statements for the period ended 31 December 2018 have been prepared using accounting policies consistent with IFRS and in accordance with IAS 34, and the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

They have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

This half-yearly financial report, covering the period from 1 July 2018 to 31 December 2018, is not audited.

The Unaudited Condensed Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Report and should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018. The Audit Report on those accounts was not qualified.

Significant judgements and estimates

In the financial period under review, there were no changes to the significant accounting judgements, estimates and assumptions from those applied in the most recent Audited Financial Statements.

From 1 July 2018 transaction costs have been allocated to net changes in the fair value of investments rather than as an operating expense. This is a reallocation and has no impact on the net result or net asset value. As the sum is immaterial the comparative has not been adjusted.

Standards, amendments and interpretations effective during the period

The accounting policies adopted are consistent with those used in the Annual Report and Audited Financial Statements for the year ended 30 June 2018. As disclosed in those Annual Financial Statements, IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from contracts with customers', were applicable for financial reporting periods starting 1 January 2018. As such, these standards have been adopted by the Company, but have not materially affected the Company. There were no other new standards, interpretations or amendments to standards issued and effective for the period that materially impacted the Company.

3 Dividends to shareholders

Dividends, if any, are declared semi-annually, usually in September and March each year. The Company paid and declared the following dividends during the period.

	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 31 Dec 17 £
Interim dividend of 0.9p (2017: 0.9p)	1,612,696	1,511,671

A second interim dividend of 0.9p per share in respect of the half year ended 31 December 2018 was declared on 28 February 2019. The dividend is payable on 22 March 2019 to shareholders on record at 8 March 2019.

4 Share capital

	31 Dec 18 £	30 Jun 18 £
Authorised Share Capital		
Nil Management Shares of £1.00 each (30 June 2018: 100 Shares)	–	100
Unclassified Shares of 0.01p each	Unlimited	20,000
75,000,000 C Shares of 0.10p each	75,000	75,000
	75,000	95,100

	Number of shares		Share capital	
	1 Jul 18 to 31 Dec 18	1 Jul 17 to 30 Jun 18	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 30 Jun 18 £
Issued Share Capital				
Equity Shares				
Redeemable Participating Preference				
Shares of 0.01p each				
Balance at start of period	177,188,416	164,213,416	178,294,916	148,250,891
Issued and fully paid during the period	3,500,000	12,875,000	8,206,100	29,962,000
Issued and awaiting settlement	100,000	100,000	–	233,000
Share issue costs	–	–	(41,031)	(150,975)
Balance as at end of period	180,788,416	177,188,416	186,459,985	178,294,916

Unclassified shares

Unclassified shares can be issued as nominal shares or redeemable participating preference shares. Nominal shares can only be issued at par to the Administrator. The Administrator is obliged to subscribe for nominal shares for cash at par when redeemable participating preference shares are redeemed to ensure that funds are available to redeem the nominal amount paid up on redeemable participating preference shares. The holder or holders of nominal shares shall have the right to receive notice of and to attend general meetings of the Company but shall not be entitled to vote thereat. Nominal shares shall carry no right to dividends. In a winding-up, holders of nominal shares shall be entitled to be repaid an amount equal to their nominal value out of the assets of the Company.

The holders of fully paid redeemable participating preference shares carry a preferential right to a return of capital in priority to the management shares but have no pre-emptive right and are entitled to one vote at all meetings of the relevant class of shareholders. There were no management shares in issue at the period end (30 June 2018: Nil). At the Annual General Meeting (AGM) on 4 December 2018, it was resolved that management shares be removed from the authorised share capital of the Company and that the Company may issue an unlimited number of Unclassified Shares.

C shares

There were no C shares in issue at period end (30 June 2018: Nil).

Blocklisting and additional shares issued

At the start of the period, the Company had the ability to issue 13,821,341 redeemable participating shares under a blocklisting facility. Under the blocklisting facility, 3,600,000 (30 June 2018: 12,975,000) new redeemable participating preference shares of 0.01 pence each were allotted and issued during the period for a total consideration of £8,206,100 (30 June 2018: £30,195,000). These new redeemable participating preference shares rank *pari passu* with the existing shares in issue.

As at 31 December 2018, the Company had the ability to issue a further 5,615,241 (30 June 2018: 13,821,341) redeemable participating preference shares under the blocklisting facility.

Redeemable participating preference shares in issue

As at 31 December 2018, the Company had 180,788,416 (30 June 2018: 177,188,416) redeemable participating preference shares of 0.01 (30 June 2018: 0.01) pence each in issue. Therefore, the total voting rights in the Company at 31 December 2018 were 180,788,416 (30 June 2018: 177,188,416).

Purchase of own shares by the Company

A special resolution was passed on 4 December 2018 which authorised the Company in accordance with The Companies (Guernsey) Law, 2008 to make purchases of its own shares as defined in that Ordinance of its Participating Shares of 0.0l pence each, provided that -

i the maximum number of shares the Company can purchase is no more than 14.99% of the Company's issued share capital

ii the minimum price (exclusive of expenses) which may be paid for a share is 0.01 pence, being the nominal value per share

iii the maximum price (exclusive of expenses) which may be paid for the share is an amount equal to the higher of (i) 105% of the average of the middle market quotations for a share taken from the LSE Daily Official List for the 5 business days immediately preceding the day on which the Share is purchased and (ii) the price stipulated in Article 5(i) of the Buy-back and Stabilisation Regulation (No 2237 of 2003)

iv purchases may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the LSE at a discount to the lower of the undiluted or diluted NAV

v the authority conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time and

vi the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make an acquisition of shares pursuant to any such contract.

5 Other (losses)/gains

	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 31 Dec 17 £
Movement in unrealised gain on forward foreign currency contracts	1,094,722	3,932,901
Loss in realised forward foreign currency contracts	(5,577,426)	(303,427)
Realised gain/(loss) on foreign currency transactions	140,036	(222,326)
	(4,342,668)	3,407,148

6 Expenses

	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 31 Dec 17 £
Administration fee*	229,503	215,735
Directors' fees	77,750	75,000
Transaction costs (see note 2)	–	28,721
General expenses	58,886	43,288
Custodian and Depositary fees*	37,874	38,822
LSE listing fees	24,592	5,868
Printing costs	20,616	8,008
Broker fees	36,614	32,751
Audit fee	15,475	9,492
Auditor's remuneration for interim review	8,400	8,400
	509,710	466,085

*The basis for calculating the Administration fees as well as the Custodian and Depositary fees are set out in the General Information on page 41.

7 Related party transactions

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities.

Investment Management Agreement

The Company is managed by Ruffer AIFM Ltd, a subsidiary of Ruffer LLP, a privately owned business registered in England and Wales as a limited liability partnership. The Company and the Investment Manager have entered into an Investment Management Agreement under which the Investment Manager has been given responsibility for the day-to-day discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors and in accordance with the investment restrictions in the Investment Management Agreement and the Company's Articles of Incorporation.

The market value of LF Ruffer Japanese Fund and LF Ruffer Gold Fund are deducted from the NAV of the Company before the calculation of management fees on a monthly basis. For additional information, refer to the Portfolio Statement on pages 35 to 40.

Total management fees charged to the capital reserves of the Company, including the outstanding management fees at the end of the period, are detailed below:

	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 31 Dec 17 £
Management fees for the period	1,891,129	1,781,073
Payable at end of the period	612,539	290,179

Shares held in the Company as Managing Member of Ruffer LLP

As at 31 December 2018, an immediate family member of the Chairman, Ashe Windham, owned 100 (30 June 2018: 100) Shares in the Managing Member of the Ruffer LLP. This amounts to less than 5% (30 June 2018: less than 5%) of the Company's issued share capital.

Directors

As at 31 December 2018, the Company had five non-executive directors, all of whom were independent from the Investment Manager and its parent company Ruffer LLP. There has been no change to directorships during the period ended 31 December 2018.

The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £200,000 (30 June 2018: £200,000) per annum.

Each Director was paid a fee of £28,000 (30 June 2018: £28,000) per annum, except for the Chairman who was paid £39,500 (30 June 2018: £39,500) per annum and David Staples, Chairman of the Audit Committee who was paid £32,000 (30 June 2018: £32,000) per annum.

	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 31 Dec 17 £
Directors' fees for the period	77,750	75,000
Payable at end of the period	–	37,721

Shares held by related parties

As at 31 December 2018, Directors of the Company held the following numbers of shares beneficially

Directors	31 Dec 18 shares	30 Jun 18 shares
Ashe Windham*	100,000	100,000
Christopher Russell	50,000	50,000
David Staples	40,000	40,000
Jill May	11,000	11,000
John V Baldwin	–	–

* Ashe Windham holds 80,000 shares whilst his wife holds 20,000 shares.

As at 31 December 2018, Hamish Baillie, Investment Director of the Investment Manager owned 205,000 (30 June 2018: 205,000) shares in the Company.

As at 31 December 2018, Steve Russell, Investment Director of the Investment Manager owned 6,450 (30 June 2018: 6,450) shares in the Company.

As at 31 December 2018, Duncan MacInnes, Investment Director of the Investment Manager owned 21,800 (30 June 2018: 21,800) shares in the Company. He purchased an additional 7,000 shares on 9 January 2019 bringing his total holding to 28,800 shares.

As at 31 December 2018, Jonathan Ruffer, chairman of Ruffer LLP, owned 1,039,335 (30 June 2018: 1,039,335) shares in the Company.

As at 31 December 2018, Ruffer LLP (the parent entity of the Company's Investment Manager) and other entities within the Ruffer Group held 6,518,781 (30 June 2018: 6,775,074) shares in the Company on behalf of its discretionary clients.

Investments in related funds

As at 31 December 2018, the Company held investments in five (30 June 2018: five) related investment funds valued at £64,822,941 (30 June 2018: £63,259,707). Refer to the Portfolio Statement on pages 35 to 40 for details.

8 Operating segment reporting

The Board of Directors makes the strategic decisions on behalf of the Company. The Company has determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for monitoring the Investment Manager's positioning of the Company's portfolio and considers the business to have a single operating segment.

There were no changes in the reportable segments during the period.

Revenue earned is reported separately in the Statement of Comprehensive Income as dividend income received from equities, and interest income received from fixed interest securities and bank deposits.

The Statement of Cash Flows separately reports cash flows from operating and financing activities.

9 Fair Value Measurement

IFRS 7 requires the Company to classify fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 7 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows -

Level 1: Quoted prices, based on bid prices, (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 31 December 2018.

				31 Dec 18
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets at fair value through profit or loss				
Government index-linked bonds	177,327,965	–	–	177,327,965
Options	–	6,776,258	–	6,776,258
Equities	127,171,997	37,136,033	1,593,750	165,901,780
Investment funds	1,584,000	24,940,250	–	26,524,250
Derivative financial assets	–	291,317	–	291,317
Total assets	306,083,962	69,143,858	1,593,750	376,821,570
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	953,994	–	953,994
Total liabilities	–	953,994	–	953,994

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 30 June 2018.

	Level 1 £	Level 2 £	Level 3 £	30 Jun 18 Total £
Financial assets at fair value through profit or loss				
Government index-linked bonds	126,632,307	–	–	126,632,307
Short dated conventional government bonds	14,980,110	–	–	14,980,110
Options	–	5,528,259	–	5,528,259
Equities	148,067,716	36,742,444	1,593,750	186,403,910
Investment funds	1,793,000	23,330,684	–	25,123,684
Derivative financial assets	–	5,516	–	5,516
Total assets	291,473,133	65,606,903	1,593,750	358,673,786
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	1,762,915	–	1,762,915
Total liabilities	–	1,762,915	–	1,762,915

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the transfer has occurred. During the period ended 31 December 2018, no transfers were made. In the prior year ended 30 June 2018, no transfers were made.

Movements in Level 3 investments

	1 Jul 18 to 31 Dec 18 £	1 Jul 17 to 30 Jun 18 £
Opening valuation	1,593,750	893,512
Unrealised movement on revaluation of investments	–	700,238
Closing valuation	1,593,750	1,593,750

Assets classified in Level 1 consist of listed or quoted equities or bonds which are issued by corporate issuers, supra-nationals or government organisations.

Assets classified in Level 2 are investments in funds fair-valued using the official NAV of each fund as reported by each fund's independent administrator at the reporting date. Where these funds are invested in equity type products, they are classified as equity in the table above. Options and foreign exchange forwards are fair valued using publicly available data. The foreign exchange forwards are shown as derivative financial assets and liabilities in the above table.

Assets classified in Level 3 consist of liquidating or illiquid funds and are reported using the latest available official NAV less dividends declared to date of each fund as reported by each fund's independent administrator at the last reporting date.

10 NAV reconciliation

The Company announces its NAV, based on bid value, to the LSE after each weekly and month end valuation point. At the time of releasing the NAV to the LSE for 31 December 2018, not all the latest prices were available. Adjustments were made to the NAV in the Financial Statements once these prices became available. The following is a reconciliation of the NAV per share attributable to redeemable participating preference shareholders as presented in these Financial Statements, using IFRS, to the NAV per share reported to the LSE.

	31 Dec 18 £	30 Jun 18 £
NAV per share published on the LSE as at the period/year end	2.152	2.289
Adjustment to valuation	0.016	0.004
Net assets attributable to holders of redeemable participating preference shares (per share)	2.168	2.293

11 Subsequent events

These Financial Statements were approved for issuance by the Board on 28 February 2019. Subsequent events have been evaluated up until this date.

A second interim dividend of 0.9p per share in respect of the half year ended 31 December 2018 was declared on 28 February 2019. The dividend is payable on 22 March 2019 to shareholders on record at 8 March 2019.

Portfolio statement
as at 31 December 2018 (unaudited)

	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
Government index-linked bonds 45.24%				
(30 Jun 18: 31.17%)				
United Kingdom				
UK Index-Linked Gilt 1.875% 22/11/2022	GBP	8,000,000	12,924,312	3.30
UK Index-Linked Gilt 1.250% 22/11/2055	GBP	1,100,000	3,807,070	0.97
UK Index-Linked Gilt 0.375% 22/03/2062	GBP	8,700,000	22,101,802	5.64
UK Index-Linked Gilt 0.125% 22/03/2068	GBP	9,000,000	22,311,567	5.69
			61,144,751	15.60
Japan				
Japanese Index Linked Bond 10/03/2026	JPY	350,000,000	2,624,838	0.67
Japanese Index Linked Bond 10/03/2027	JPY	350,000,000	2,635,961	0.67
Japanese Index Linked Bond 10/03/2028	JPY	350,000,000	2,607,339	0.67
			7,868,138	2.01
United States				
US Treasury Inflation Indexed Bond 1.125% 15/01/2021	USD	10,000,000	9,034,544	2.31
US Treasury Inflation Indexed Bond 0.625% 15/07/2021	USD	19,350,000	16,858,980	4.30
US Treasury Inflation Indexed Bond 0.125% 15/01/2023	USD	26,000,000	21,599,851	5.51
US Treasury Inflation Indexed Bond 0.375% 15/07/2023	USD	27,000,000	22,521,952	5.75
US Treasury Inflation Indexed Bond 0.625% 15/01/2024	USD	26,000,000	21,777,246	5.56
US Treasury Inflation Indexed Bond 2.125% 15/02/2040	USD	5,500,000	5,937,388	1.51
US Treasury Inflation Indexed Bond 2.125% 15/02/2041	USD	6,000,000	6,423,001	1.64
US Treasury Inflation Indexed Bond 0.625% 15/02/2043	USD	5,500,000	4,162,114	1.06
			108,315,076	27.64
Total government index-linked bonds			177,327,965	45.24

	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
Equities 33.62%				
(30 Jun 18: 40.80%)				
Europe				
France				
Vivendi	EUR	375,000	7,142,443	1.82
			7,142,443	1.82
Norway				
Yara International	NOK	80,000	2,416,330	0.62
			2,416,330	0.62
Luxembourg				
ArcelorMittal	EUR	100,000	1,627,301	0.42
			1,627,301	0.42

	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
United Kingdom				
Belvoir Lettings	GBP	1,190,295	1,035,557	0.26
Better Capital (2012)	GBP	3,088,700	262,540	0.07
Better Capital (2009)	GBP	294,641	147,321	0.04
Countryside Properties	GBP	724,340	2,196,199	0.56
Dixons Carphone	GBP	1,210,626	1,452,751	0.37
Hipgnosis Songs Fund	GBP	2,111,000	2,248,215	0.57
Lloyds Banking Group	GBP	7,200,000	3,727,440	0.95
Ocado Group	GBP	499,790	3,947,341	1.01
PRS Real Estate Investment Trust	GBP	1,141,100	1,070,352	0.27
Renn Universal Growth Trust	GBP	937,500	1,593,750	0.41
Royal Bank of Scotland Group	GBP	1,300,000	2,810,600	0.72
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	27,940	5,447,405	1.39
Secure Trust Bank	GBP	58,345	688,471	0.18
Sophos Group	GBP	400,000	1,504,000	0.38
Supermarket Real Estate Investment Trust	GBP	689,907	655,412	0.17
System1 Group	GBP	284,100	596,610	0.15
Tesco	GBP	4,250,000	8,079,250	2.06
Tufton Oceanic Assets Ordinary Shares	GBP	1,643,100	1,341,727	0.34
Tufton Oceanic Assets C Shares	USD	653,370	523,271	0.13
Van Elle	GBP	1,525,573	1,189,947	0.30
			40,518,159	10.33
Total European equities			51,704,233	13.19

	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
United States				
Aptiv	USD	13,000	628,054	0.16
Cigna	USD	18,500	2,759,893	0.70
Cleveland-Cliffs	USD	290,000	1,751,021	0.45
Delphi Technologies	USD	75,000	842,690	0.22
DowDuPont	USD	93,000	3,904,452	1.00
Ensco	USD	650,000	1,811,793	0.46
ExxonMobil	USD	90,000	4,820,116	1.23
General Motors	USD	64,338	1,689,276	0.43
Jefferies Financial Group	USD	203,970	2,778,643	0.71
McKesson	USD	33,000	2,862,366	0.73
National Oilwell Varco	USD	148,000	2,984,171	0.76
Tenaris	USD	64,027	1,071,809	0.27
Walt Disney	USD	98,000	8,438,033	2.15
Total United States equities			36,342,317	9.27
Asia				
China				
Swire Pacific	HKD	170,000	1,409,071	0.37
			1,409,071	0.37

	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
Japan				
Bandai Namco Holdings	JPY	125,000	4,401,250	1.12
LF Ruffer Japanese Fund*	GBP	3,126,850	7,322,144	1.87
Fujifilm Holdings	JPY	80,000	2,444,089	0.62
Mitsubishi Electric	JPY	160,000	1,391,797	0.36
Mitsubishi UFJ Financial Group	JPY	1,200,000	4,617,662	1.18
Mixi	JPY	80,000	1,316,797	0.34
Nomura Real Estate Holdings	JPY	175,000	2,519,805	0.64
Resona Holdings	JPY	1,300,000	4,916,876	1.25
Sony	JPY	36,000	1,370,356	0.35
Sumitomo Mitsui Financial Group	JPY	170,000	4,434,528	1.13
T&D Holdings	JPY	629,500	5,757,414	1.47
			40,492,718	10.33
Total Asian equities			41,901,789	10.70
Africa				
South Africa				
Grit Real Estate	USD	1,626,850	1,833,016	0.47
Total African equities			1,833,016	0.47
Total equities			131,781,355	33.62
Global investment funds 6.77% (30 Jun 18: 6.18%)				
United Kingdom				
Herald Worldwide Fund	GBP	28,000	1,411,200	0.36
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	31,639,824	23,529,050	6.01
Weiss Korea Opportunity Fund	GBP	1,100,000	1,584,000	0.40
			26,524,250	6.77
Total global investment funds			26,524,250	6.77

	Currency	Holding at 31 Dec 18	Fair value £	% of total net assets
Gold and gold mining equities 8.70%				
(30 Jun 18: 5.08%)				
Canada				
Wheaton Precious Metals	CAD	150,000	2,289,473	0.58
			2,289,473	0.58
United Kingdom				
LF Ruffer Gold Fund*	GBP	15,020,432	21,748,084	5.55
Randgold Resources	GBP	40,000	2,618,400	0.67
			24,366,484	6.22
United States				
Goldcorp	USD	200,000	1,537,373	0.39
Ishares Physical Gold	USD	300,000	5,927,095	1.51
			7,464,468	1.90
Total gold and gold mining equities			34,120,425	8.70
Options 1.73%				
(30 Jun 18: 1.36%)				
United Kingdom				
Ruffer Protection Strategies International*	GBP	1,054,410	6,776,258	1.73
Total options			6,776,258	1.73
Total financial assets at fair value through profit or loss			376,530,253	96.06
Other net current assets			15,407,240	3.94
Total value of Company (attributable to redeemable participating preference shares)			391,937,493	100.00

* Ruffer Protection Strategies International and Ruffer Illiquid Multi Strategies Fund 2015 Ltd are classed as related parties as they share the same Investment Manager (Ruffer AIFM Limited) as the Company. LF Ruffer Gold Fund, LF Ruffer Japanese Fund and Ruffer SICAV Global Smaller Companies Fund are also classed as related parties as their investment manager (Ruffer LLP) is the parent of the Company's Investment Manager.

General information

Ruffer Investment Company Limited was incorporated in Guernsey as a company limited by shares and as an authorised closed-ended investment company on 1 June 2004. 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 base rate. The Company invests predominantly in internationally listed or quoted equities or equity related securities (including convertibles) and/or bonds which are issued by corporate issuers, supra-nationals or government organisations.

The Company's redeemable participating preference shares are listed on the London Stock Exchange.

The accounting date of the Company is 30 June in each year. These Unaudited Condensed Financial Statements were authorised for issue on 28 February 2019 by the Directors.

The Investment Manager is authorised and regulated by the United Kingdom Financial Conduct Authority as a full-scope Alternative Investment Fund Manager (AIFM). The Investment Manager is entitled to an investment management fee payable to the AIFM monthly in arrears at a rate of 1% of the Net Asset Value per annum.

The Investment Manager and the Board intend to conduct the affairs of the Company so as to ensure that it will not become resident in the United Kingdom. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a branch or agency situated therein, the Company will not be subject to United Kingdom Corporation Tax or Income Tax.

The Company intends to be operated in such a manner that its shares are not categorised as non-mainstream pooled investments. This means that the Company might pay dividends in respect of any income that it receives or is deemed to receive for UK tax purposes so that it would qualify as an investment trust if it were UK tax-resident.

Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") is entitled to receive an annual fee equal to 0.15% per annum on the first £100 million and 0.10% per annum thereafter on the NAV of the Company on a mid market basis, subject to a minimum fee of £60,000 per annum.

Northern Trust (Guernsey) Limited (the 'Custodian') is entitled to receive from the Company a fee of £2,000 per annum. The Custodian is also entitled to charge for certain expenses incurred by it in connection with its duties.

Northern Trust (Guernsey) Limited (the 'Depositary') is entitled to an annual Depositary fee payable monthly in arrears at a rate of 0.01% of the Net Asset Value of the Company up to £100 million, 0.008% on the next £100 million and 0.006% thereafter as at the last business day of the month subject to a minimum fee of £20,000 per annum.

Management and administration

Directors
Ashe Windham
John V Baldwin
Christopher Russell
Jill May
David Staples

Registered office
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands, GY1 3QL

Auditor
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands, GY1 3HW

Investment Manager and Alternative Investment Fund Manager
Ruffer AIFM Limited
80 Victoria Street
London, SW1E 5JL

Sponsor and broker
Canaccord Genuity Limited
88 Wood Street
London, EC2V 7QR

Solicitors to the Company as to UK law
Gowling WLG
4 More London Riverside
London, SE1 2AU

Company Secretary and Administrator
Northern Trust International
Fund Administration Services
(Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands, GY1 3QL

CREST agent
Computershare Investor
Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 1ES

Advocates to the Company as to Guernsey law
Mourant
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
Channel Islands, GY1 4HP

Custodian
Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands, GY1 3DA

Depositary
Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands, GY1 3DA

Glossary

Benchmark	A yardstick against which investment performance is measured. Typically it is an index, such as the FTSE All-Share. In the case of Ruffer Investment Company shares it is two times the Bank of England base rate.
Bond	A bond is an obligation by the issuer of the bond to pay the bond owner a fixed amount of money in the future. They are issued by governments and companies, and typically have a fixed life over which an investor receives interest (coupons) and a lump sum (principal) at the bond's redemption date. A '2% 2025' bond, for example, will pay a coupon of £2 each year until 2025 when the investor will receive the original £100 back as well. For index-linked bonds please see below.
Bond yield	The annualised rate of income a bond will deliver at the current price. A bond's price is inversely related to its yield, so bond prices fall as yields rise.
Correlation	A statistical measure which describes the extent to which the prices of pairs of assets move together over time. A positive correlation indicates that the pair's prices move in the same direction; negative correlation indicates that as the price of one asset moves up, the price of the other declines.
Derivative	Complex instruments (such as options or forward FX) whose price is derived from the price of another asset.
Discount	Can refer to the amount by which the share price is below the net asset value per share (opposite of premium).
Dividend	A pay-out to equity shareholders (owners of the company) determined by management, typically reflecting the profits (earnings) of the company.
Annual dividend yield	Dividends received each year as a percentage of the share price; a share priced at £50 with a yield of 2% means investors would receive £1 annually.
Duration	Weighted average term to maturity of the cash flows of an investment, in particular bonds.

Equities	Otherwise known as shares, equities represent fractional ownership of a company and thereby entitlement to all financial benefit after prior claims, such as creditors and loan holders, have been paid. An investor's return is determined both by the equity's income stream (dividends) and any price movement of the shareholding.
Federal Reserve	Often referred to as The Fed, the central bank in the United States which is responsible for monetary policy in the US economy. Its job is usually to raise or lower interest rates to target a specific level of inflation, normally 2%. The Bank of England, the Bank of Japan, and the European Central Bank are all examples of other central banks.
Foreign exchange (FX) forwards	Forward foreign exchange (FX) contracts are derivatives allowing an investor to lock in an exchange rate today, to be realised in the future. They are used in the Ruffer portfolio to hedge against losses from (for example) a weak US dollar.
Hedge	An investment that specifically compensates for adverse price movements in another asset, reducing overall risk. However, a perfectly hedged risk delivers no return (as compared to an offset, below).
Illiquid investments	Investments which can be difficult to buy or sell because of low turnover or other constraints such as quarterly dealing.
Inflation	A sustained increase in the average price of goods and services. Inflation of 2% a year means that the purchasing power of £1 becomes equivalent to 98p a year later.
Index-linked bond	A bond where the principal and coupon are mechanically linked to an underlying consumer price index.
Interest rates	Interest rates represent the cost of borrowing money, or the reward for depositing money, in a given economy or market.
Liquidity	The ease with which an asset can be bought or sold in the market (higher liquidity = easier)
Market capitalisation	A measure of the size of a company found by multiplying the number of shares in issue by the market price.

Monetary policy	Central bank policy, typically referring to the interest rate set by the central bank. It also includes 'unconventional' monetary policy such as quantitative easing (QE) or quantitative tightening (QT).
Net Asset Value (NAV)	The total assets less the total liabilities of a company
Net Asset Value (NAV) per share	The total assets less the total liabilities of a company divided by the number of shares in issue.
Net Asset Value Total Return (NAV TR)	The return to investors via the change in the net asset value over a period. Includes the assumed re-investment of dividends received at the NAV on the ex-dividend date. NAV TR represents the truest measure of portfolio investment performance.
Nominal	Data that is expressed in monetary terms, unadjusted for inflation. For example, an investor may receive a nominal 5% deposit rate on cash at the bank; if inflation is positive, the real rate (ie net of inflation) will be lower.
Offset	The use of one or more investments to mitigate potential risk elsewhere in the portfolio. For example, an investor who solely holds shares in an ice-cream company may decide to offset the impact of rain on his profits by buying shares in an umbrella company; the aim is that both investments should still make money overall, unlike with a hedge.
Ongoing charges ratio	The Association of Investment Companies recommended measure for calculating the estimated charges borne by investors. Shows the drag on performance caused by operational expenses.
Options	Derivative instruments which give an investor the right but not the obligation to buy or sell an underlying asset at a fixed price.
Premium	Can refer to the excess return over the risk-free rate of interest demanded for risk or to the amount a share price exceeds net asset value per share (opposite of discount).
Quantitative easing (QE)	The buying of bonds by central banks, in order to lower the yield (thus raise the price) of those bonds; it is designed to encourage the previous bond holders to buy riskier assets with the proceeds and also to encourage companies/governments to issue more bonds, and spend

the money they raise. Quantitative tightening (QT) is the same process in reverse.

Real — Real data is nominal data adjusted for inflation. It is calculated as the nominal (non-adjusted) figure less the prevailing rate of inflation.

Real yield — Nominal interest rates less the inflation rate. A negative real yield indicates that the investor is insufficiently compensated for the effects of inflation. For example, a 1% deposit rate (nominal) in an environment of 2% inflation delivers a -1% real yield.

Share price total return (Share price TR) — The return to investors via the change in the share price over a period. Includes the assumed re-investment of dividends received at the NAV on the ex-dividend date. Share price TR represents the return for an investor in a given period including the impact of a change in premium/discount.

Total return — Income plus capital gain over a period divided by capital value and expressed as a percentage.

Volatility — A statistical measure of the variation in an asset's price from its average through time, specifically standard deviation or variance. It is often used as a proxy for riskiness but, by its very nature, can only ever be backward-looking and implies symmetry when risk, the variation around an average, may be asymmetrical.