



Ruffer Investment Company Limited

Half-yearly financial report
for the period ended
31 December 2017 (unaudited)

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Key performance indicators*

	% at 31 Dec 17
Share price total return over six months†	0.4
NAV total return per share over six months	1.2
Premium of share price to NAV	2.0
Dividends per share over six months	0.9p
Annual dividend yield	0.8
Annualised total return per share since launch	8.1

Financial highlights

	31 Dec 17	30 Jun 17
Share price	235.5p	236.0p
NAV	£393,667,417	£376,116,913
Market capitalisation	£401,500,220	£387,543,662
Number of shares in issue	170,488,416	164,213,416
NAV per share at period/year end as reported to the LSE	230.9p	229.0p
NAV per share at period/year end as calculated on an IFRS basis	230.8p	228.7p

Company information

Incorporation date	1 Jun 2004	
Launch date	8 Jul 2004	
Launch price	100p per share	
Initial net asset value	98p per share	
Accounting dates	Interim	Final
	31 December	30 June
	(unaudited)	(audited)

* 31 December 2017 figures use NAV per share at bid-market prices as reported to the LSE. Prior periods used NAV per share at mid-market prices as reported to the LSE.

† Assumes reinvestment of dividends.

Company performance

Fund size

	Accounting period to	Net asset value £	Net asset value per share (p)	Number of shares in issue
	31 Dec 17	393,489,223	230.8*	170,488,416
	30 Jun 17	375,601,706	228.7	164,213,416
	30 Jun 16	331,484,744	212.7	155,838,416
	30 Jun 15	337,222,401	218.4	154,413,416
	30 Jun 14	318,040,568	206.5	154,013,416

* Net Asset Value per share reported to the London Stock Exchange was £2.309 using bid market values. In prior years Net Asset Value per share reported to the London Stock Exchange used mid market values. Bid prices are presented as fair value in the Financial Statements.

Share price range

	Accounting period to	Highest offer price (p)	Lowest bid price (p)
	31 Dec 17	236.5	227.5
	30 Jun 17	241.0	211.0
	30 Jun 16	225.0	195.0
	30 Jun 15	226.0	194.3
	30 Jun 14	229.0	200.5

Net asset value range

	Accounting period to	Highest NAV (p)	Lowest NAV (p)
	31 Dec 17	230.9	224.2
	30 Jun 17	233.4	213.0
	30 Jun 16	219.9	196.2
	30 Jun 15	224.3	204.1
	30 Jun 14	220.6	203.4

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as up and you may not get back the amount originally invested.

Investment Manager's report

For the period from 1 July 2017 to 31 December 2017

Performance review

Shareholders frequently tell us that the role the Ruffer Investment Company plays for them is to be a steady ship in a storm; capital protection and steady positive returns through all economic scenarios. In the last six months the capital protection part of that mantra has been achieved, but the return element has been disappointing – a far cry from the double digit returns of 2016. This explains the ‘could do better’ element to the headmaster’s half yearly report. Was the Company too cautiously positioned? With the benefit of hindsight – yes – but many fragilities exist in markets today and our job is not to eke out every last cent of return in exuberant times, it is to look forward and ensure that shareholders are protected when the storm hits.

Within the portfolio equity positions have performed well, particularly Japanese financials and some western equity selections (Games Workshop, Sophos, Lamb Weston), but these gains have largely been offset by the cost of protection, notably option protection.

Portfolio changes

At asset class level there has not been a significant shift in exposure. The principal change was to reduce short dated index-linked bond exposure from 11% to 6%. This does not reflect a change in view on inflation but, as explained in the annual report, there has been a reduction in the nominal interest rate risk in the portfolio (i.e. we worry that nominal bond yields may rise). This has been partly achieved using interest rate options and partly in buying interest rate sensitive equities. This next step reduces gross exposure. To be clear, the interesting part of the linker market is the ultra-long-dated bonds and this position has not changed and has been a small positive contributor over the last six months. Elsewhere, profits have been taken in some of the better performing equities that are approaching fair value (TAG Immobilien +107%, Mitsubishi Electric +47% and Deutsche Post +91%). This equity exposure has been replaced with new opportunities uncovered by our analysts typically in unloved sectors; McKesson (a pharmaceuticals distribution business supposedly under threat from Amazon) and Foot Locker (suffering from general disgust with the retail sector and recent lacklustre performance by Nike) being two good examples. The latter has got off to an excellent start.

Investment outlook

The cult of the central banker has driven markets for the last 35 years. Inflation-targeting mandates in a disinflationary world (think about the collapse of communism, globalisation, offshoring, the internet) have allowed the world’s central banks to run monetary policy too loose and respond to any threat (the dotcom bubble, the Financial Crisis) with further stimulus. This is

what has been known as the ‘central bank put’ and it is likely to be coming to an end. There are two reasons for this. Firstly, central banks have exhausted most of the tools at their disposal, which will make it harder for them to respond in the future (they have admitted this themselves and called on governments to support economic growth via fiscal policy). Secondly, the western world’s have-nots are in the ascendancy (we see this through Corbyn’s rise, Brexit, Trump) and in a world with too much debt, a wealth transfer needs to take place from the creditors (the have’s) to the debtors (the have-not’s). Central bankers recognise this (from an economic perspective at least) and continue to pursue a policy of financial repression, keeping interest rates below the rate of inflation in order to effect this transfer of wealth. This is not theoretical pontification. UK inflation (as measured by RPI) is running at 3.9% and the Bank of England Base Rate is 0.5%; savers’ nest eggs are being eroded in real terms. To date the impact has been mitigated as the principal form of inflation has been in asset prices which has benefitted the haves. This is unlikely to continue as valuations hit nose-bleed altitudes, while what little earnings growth there has been is fuelled by borrowing in one form or another (share buybacks being the most popular mechanism to support earnings per share). The combination of high levels of debt and high asset prices never ends well. If we are wrong then we hope to generate a positive return, which will look modest compared to the opportunities elsewhere and we will be an inexpensive insurance policy which was not needed. If we are right then this is exactly the sort of scenario we need to protect our shareholders from. Nine years into the second longest bull market in modern times, history would suggest that caution will be rewarded.

Ruffer AIFM Limited

1 March 2018

Top ten holdings

Investments	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
UK Index-Linked Gilt 0.375% 22/03/2062	GBP	8,400,000	22,554,941	5.73
UK Index-Linked Gilt 0.125% 22/03/2068	GBP	7,500,000	19,873,913	5.05
US Treasury Inflation Indexed Bond 0.625% 15/07/2021	USD	19,350,000	15,955,776	4.05
LF Ruffer Gold Fund*	GBP	9,994,002	15,813,510	4.02
UK Index-Linked Gilt 1.875% 22/11/2022	GBP	9,710,000	15,712,130	3.99
Ruffer Illiquid Multi Strategies Fund 2015†	GBP	22,985,080	15,328,750	3.89
UK Treasury Bill 0.00% 26/03/2018	GBP	15,000,000	14,993,025	3.81
US Treasury Inflation Indexed Bond 0.125% 15/01/2023	USD	17,500,000	13,717,084	3.49
US Treasury Inflation Indexed Bond 0.375% 15/07/2023	USD	17,000,000	13,420,100	3.41
US Treasury Inflation Indexed Bond 1.125% 15/01/2021	USD	13,500,000	11,588,807	2.95

* 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 2017. 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 9 and 10 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 2017, 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 8 of the Annual Financial Report), financial risk management and associated risks (see note 19 to the Financial Statements on pages 51 to 60 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 the 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
1 March 2018

Christopher Russell
Director

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 2017 which comprises the condensed statement of financial position, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows and related notes 1 to 9. 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 IFRS 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 2017 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 2018

Condensed statement of financial position (unaudited) as at 31 December 2017

	Notes	31 Dec 17 £ (unaudited)	30 Jun 17 £ (audited)
Assets			
Non-current assets			
Investments at fair value through profit or loss		367,723,864	346,628,281
Current assets			
Cash and cash equivalents		26,836,964	27,950,946
Derivative financial assets	7	3,397,082	5,593
Receivables		376,783	3,147,558
		30,610,829	31,104,097
Total assets		398,334,693	377,732,378
Equity			
Capital and reserves attributable to the Company's shareholders			
Management share capital	4	2	2
Net assets attributable to holders of redeemable participating preference shares		393,489,223	375,601,706
Total equity		393,489,225	375,601,708
Liabilities			
Current liabilities			
Payables		4,472,475	1,216,265
Derivative financial liabilities	7	372,993	914,405
Total liabilities		4,845,468	2,130,670
Total equity and liabilities		398,334,693	377,732,378
Net assets attributable to holders of redeemable participating preference shares (per share)	8	2.308	2.287

The Unaudited Condensed Interim Financial Statements on pages 12 to 27 were approved on 1 March 2018 and signed on behalf of the Board of Directors by

Ashe Windham
Chairman

Christopher Russell
Director

The notes on pages 16 to 27 form an integral part of these Unaudited Consolidated Financial Statements.

Condensed statement of comprehensive income (unaudited)

for the period ended 31 December 2017

	Notes	Revenue £	Capital £	1 Jul 17 to 31 Dec 17 Total £	1 Jul 16 to 31 Dec 16 Total £
Fixed interest income		370,429	–	370,429	438,512
Dividend income		1,957,374	–	1,957,374	1,790,874
Net changes in fair value of financial assets at fair value through profit or loss		–	1,570,779	1,570,779	32,600,798
Other gains/(losses)		–	3,407,148	3,407,148	(7,970,688)
Total income		2,327,803	4,977,927	7,305,730	26,859,496
Management fees	5	–	(1,781,073)	(1,781,073)	(1,640,125)
Expenses		(437,364)	(28,721)	(466,085)	(553,206)
Total expenses		(437,364)	(1,809,794)	(2,247,158)	(2,193,331)
Profit for the period before tax		1,890,439	3,168,133	5,058,572	24,666,165
Withholding tax		(200,961)	–	(200,961)	(201,420)
Profit for the period after tax		1,689,478	3,168,133	4,857,611	24,464,745
Total comprehensive income for the period		1,689,478	3,168,133	4,857,611	24,464,745
Basic and diluted earnings per share*		1.01p	1.88p	2.89p	15.63p

* 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 167,942,104 (31 December 2016: 156,542,241).

The notes on pages 16 to 27 form an integral part of these Unaudited Consolidated Financial Statements.

Condensed statement of changes in equity (unaudited)

for the period ended 31 December 2017

	Notes	Management share capital £	Share capital £	Other reserves £	Total 1 Jul 17 to 31 Dec 17 £
Balance at 30 June 2017		2	148,250,891	227,350,815	375,601,708
Total comprehensive income for the period		–	–	4,857,611	4,857,611
Transactions with Shareholders					
Share capital issued	4	–	14,614,650	–	14,614,650
Share issue costs	4	–	(73,073)	–	(73,073)
Distribution for the period	3	–	–	(1,511,671)	(1,511,671)
Balance at 31 December 2017		2	162,792,468	230,696,755	393,489,225
Net assets attributable to holders of redeemable participating preference shares at the end of the period					393,489,225

	Notes	Management share capital £	Share capital £	Other reserves £	Total 1 Jul 16 to 31 Dec 16 £
Balance at 30 June 2016		2	128,816,232	202,668,512	331,484,746
Total comprehensive loss for the period		–	–	24,464,745	24,464,745
Transactions with Shareholders					
Share capital issued		–	6,909,338	–	6,909,338
Share issue costs		–	(69,093)	–	(69,093)
Distribution for the period	3	–	–	(2,649,253)	(2,649,253)
Balance at 31 December 2016		2	135,656,477	224,484,004	360,140,483
Net assets attributable to holders of redeemable participating preference shares at the end of the period					360,140,483

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

The notes on pages 16 to 27 form an integral part of these Unaudited Consolidated Financial Statements.

Condensed statement of cash flows (unaudited) for the period ended 31 December 2017

	Notes	1 Jul 17 to 31 Dec 17 £	1 Jul 16 to 31 Dec 16 £
Cash flows from operating activities			
Purchase of financial assets at fair value through profit or loss		(55,303,660)	(80,940,860)
Proceeds from sale of financial assets at fair value through profit or loss (including realised gains)		40,948,043	101,243,579
Increase in other receivables		(47,901)	(3,993)
Transaction costs paid to brokers		(28,721)	(131,131)
Fixed interest income received		391,404	462,628
Dividends received		1,851,796	1,566,973
Operating expenses paid		(2,247,832)	(2,032,554)
Effect of foreign exchange rate fluctuations		(314,905)	(10,047,018)
Cash (used in)/generated from operating activities		(14,751,776)	10,117,624
Cash flows from financing activities			
Dividends paid	3	(1,511,671)	(2,649,253)
Proceeds from issue of redeemable participating preference shares		15,437,500	6,909,338
Share issue costs		(77,187)	(69,093)
Net cash generated from financing activities		13,848,642	4,190,992
Net (decrease)/increase in cash and cash equivalents		(903,134)	14,308,616
Cash and cash equivalents at beginning of the period		27,950,946	14,513,399
Exchange (losses)/gains on cash and cash equivalents		(210,848)	92,288
Cash and cash equivalents at end of the period		26,836,964	28,914,303

The notes on pages 16 to 27 form an integral part of these Unaudited Consolidated Financial Statements.

Notes to the unaudited condensed interim financial statements for the period ended 31 December 2017

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 Main Market 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 2017 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, and in accordance with the Principal Documents and applicable Guernsey Law.

This half-yearly financial report, covering the period from 1 July 2017 to 31 December 2017, is not audited.

The same accounting policies and methods of computation have been applied to the Unaudited Condensed Interim Financial Statements as in the Annual Financial Report at 30 June 2017. The presentation of the Unaudited Condensed Interim Financial Statements is consistent with the Annual Financial Report.

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 2017. The Audit Report on those accounts was not qualified.

The preparation of the Unaudited Condensed Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Standards, amendments and interpretations that are not yet effective

The following standards and interpretations, which have not been applied in these Financial Statements, were in issue at the reporting date but were not yet effective.

IFRS 9 – Financial instruments: Classification and measurement (effective date – 1 January 2018)

The Board anticipate that the adoption of these standards and interpretations in a future period will not have a material impact on the Financial Statements of the Company. The Company is currently evaluating the potential effect of this standard but believes that it will not have a material impact due to the fact that the Company's financial instruments are currently measured at fair value through profit or loss.

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 17 to 31 Dec 17 £	1 Jul 16 to 31 Dec 16 £
Interim dividend of 0.9p (2016: 1.7p)	1,511,671	2,649,253

A second interim dividend of 0.9p per share in respect of the half year ending 31 December 2017 was declared on 1 March 2018. The dividend is payable on 23 March 2018 to shareholders on record at 9 March 2018.

4 Share capital

	31 Dec 17	30 Jun 17
	£	£
Authorised share capital		
100 management shares of £1.00 each	100	100
200,000,000 unclassified shares of 0.01p each	20,000	20,000
75,000,000 C shares of 0.10p each	75,000	75,000
	95,100	95,100

	Number of shares		Share capital	
	1 Jul 17 to 31 Dec 17	1 Jul 16 to 30 Jun 17	1 Jul 17 to 31 Dec 17	1 Jul 16 to 30 Jun 17
			£	£
Issued share capital				
Management shares				
Management shares of £1.00 each	2	2	2	2
Equity shares				
Redeemable participating preference shares of 0.01p each				
Balance at start of period/year	164,213,416	155,838,416	148,250,891	128,816,232
Issued and fully paid during the period/year	6,275,000	8,025,000	14,614,650	18,794,508
Issued and awaiting settlement	–	350,000	–	822,850
Share issue costs	–	–	(73,073)	(182,699)
Balance as at end of period/year	170,488,416	164,213,416	162,792,468	148,250,891

Blocklisting and additional shares issued

At the start of the period, the Company had the ability to issue 7,781,342 redeemable participating shares under a blocklisting facility. Under the blocklisting facility, 6,275,000 (30 June 2017: 8,375,000) new redeemable participating preference shares of 0.01 pence each were allotted and issued during the period for a total consideration of £14,614,650 (30 June 2017: £19,617,358). These new redeemable participating preference shares rank *pari passu* with the existing shares in issue.

As at 31 December 2017, the Company had the ability to issue a further 6,033,841 (30 June 2017: 7,781,342) redeemable participating preference shares under the blocklisting facility.

On 1 December 2017, a special resolution was passed that enables the Board to allot 16,796,341 equity securities, being 10% of the equity securities in issue at the latest practicable date prior to the 2017 AGM notice, excluding shares held in treasury for cash and pursuant to Article 7(2)(G) of the Articles. The rights under Article 7 (2) (B) were thereby excluded.

Redeemable participating preference shares in issue

As at 31 December 2017, the Company had 170,488,416 (30 June 2017: 164,213,416) redeemable participating preference shares of 0.01 (30 June 2017: 0.01) pence each and 2 (30 June 2017: 2) Management shares of £1.00 (30 June 2017: £1.00) each in issue. Therefore, the total voting rights in the Company at 31 December 2017 were 170,488,418 (30 June 2017: 164,213,418).

Purchase of own shares by the Company

A special resolution was passed on 1 December 2017 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 0.01 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 2018 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 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 Association.

The market value of LF Ruffer Japanese Fund and LF Ruffer Gold 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 28 to 33.

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 17 to 31 Dec 17 £	1 Jul 16 to 31 Dec 16 £
Management fees for the period	1,781,073	1,640,125
Payable at end of the period	290,179	278,004

Shares held in the Company as Managing Member of Ruffer LLP

As at 31 December 2017, an immediate family member of the Chairman Ashe Windham owned 100 (30 June 2017: 100) Shares in the Managing Member of the Ruffer LLP. This amounts to less than 5% (30 June 2017: less than 5%) of the Company's issued share capital.

Directors

As at 31 December 2017, the Company had five non-executive directors, all of whom were independent from the Investment Manager and its parent company Ruffer LLP. Mrs Sarah Evans resigned as Director on 31 January 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 2017: £200,000) per annum.

Each Director was paid a fee of £27,000 (30 June 2017: £27,000) per annum, except for the Chairman who was paid £38,000 (30 June 2017: £38,000) per annum and Sarah Evans, Chairman of the Audit Committee was paid £31,000 (30 June 2017: £31,000) per annum.

	1 Jul 17 to 31 Dec 17 £	1 Jul 16 to 31 Dec 16 £
Directors' fees for the period	75,000	69,000
Payable at end of the period	37,721	30,305

Shares held by related parties

As at 31 December 2017, Directors of the Company held the following numbers of shares beneficially

	31 Dec 17 shares	30 Jun 17 shares
Directors		
Ashe Windham*	90,000	90,000
Sarah Evans	10,000	10,000
Christopher Russell	50,000	50,000
John V Baldwin	–	–
Jill May	–	–

* Ashe Windham holds 70,000 shares whilst his wife holds 20,000 shares.

As at 31 December 2017, Hamish Baillie, Investment Director of the Investment Manager owned 205,000 (30 June 2017: 205,000) shares in the Company.

As at 31 December 2017, Steve Russell, Investment Director of the Investment Manager owned 6,450 (30 June 2017: 6,450) shares in the Company.

As at 31 December 2017, Duncan MacInnes, Investment Manager of the Investment Manager owned 21,800 (30 June 2017: 21,800) shares in the Company.

As at 31 December 2017, Jonathan Ruffer, chairman of Ruffer LLP, owned 1,039,335 (30 June 2017: 1,039,335) shares in the Company.

As at 31 December 2017, the Ruffer LLP (the parent company of the Company's Investment Manager) and other entities within the Ruffer Group held 7,483,385 (30 June 2017: 8,176,042) shares in the Company on behalf of its discretionary clients.

Investments in related funds

As at 31 December 2017, the Company held investments in five (30 June 2017: five) related investment funds valued at £36,508,527 (30 June 2017: £38,448,294). Refer to the Portfolio Statement on pages 28 to 33 for details.

6 Operating segment reporting

The Board of Directors makes the strategic resource allocations 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 the Company's entire portfolio and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

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

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

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

7 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 2017.

	Level 1	Level 2	Level 3	31 Dec 17 Total
	£	£	£	£
Financial assets at fair value through profit or loss				
Government index-linked bonds	125,560,762	–	–	125,560,762
Short dated conventional				
Government bonds	14,993,025	–	–	14,993,025
Preference shares	671,723	–	–	671,723
Options	–	3,121,057	–	3,121,057
Equities	194,143,914	–	893,512	195,037,426
Investment funds	–	28,339,871	–	28,339,871
Derivative financial assets*	–	3,397,082	–	3,397,082
Total assets	335,369,424	34,858,010	893,512	371,120,946
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities*	–	372,993	–	372,993
Total liabilities	–	372,993	–	372,993

* Derivative financial assets and liabilities are valued at mid price in line with industry standards. All other financial assets are valued at bid price. As at 31 December 2017, valuing derivative financial assets and liabilities at bid price would result in a net decrease of £80,564.

The following table presents the Company's financial assets and liabilities by level within the valuation hierarchy at 30 June 2017.

	Level 1	Level 2	Level 3	30 Jun 17 Total
	£	£	£	£
Financial assets at fair value				
through profit or loss				
Government index-linked bonds	146,839,335	–	–	146,839,335
Preference shares	639,069	–	–	639,069
Options	–	6,362,095	–	6,362,095
Equities	167,267,027	–	893,512	168,160,539
Investment funds	–	24,627,243	–	24,627,243
Derivative financial assets	–	5,593	–	5,593
Total assets	314,745,431	30,994,931	893,512	346,633,874
Financial liabilities at fair value				
through profit or loss				
Derivative financial liabilities	–	914,405	–	914,405
Total liabilities	–	914,405	–	914,405

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 2017, no transfers were made.

Movement in Level 3 investments

	1 Jul 17 to 31 Dec 17 £	1 Jul 16 to 30 Jun 17 £
Opening valuation	893,512	3,750,313
Disposals during the period/year	–	(2,856,801)
Closing valuation	893,512	893,512

Assets classified in Level 1 consist of listed or quoted equities or equity related securities, options and 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 and foreign exchange forwards 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 liquidated 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.

8 NAV reconciliation

Until 23 November 2017, the Company announced its NAV based on mid-market value, to the LSE after each weekly and month end valuation point. From 30 November 2017 onwards, the Company announced its NAV to the LSE based on bid prices in order to conform with International Financial Reporting Standards.

The following is a reconciliation of the NAV per share attributable to redeemable participating preference shareholders as presented in these Financial Statements, using International Financial Reporting Standards, to the NAV per share reported to the LSE

	31 Dec 17	30 Jun 17
	£	£
NAV per share published on the LSE as at the period/year end	2.309	2.290
IAS 39 valuations (MID to BID)	–	(0.002)
Adjustment to valuation	(0.001)	(0.001)
Net assets attributable to holders of redeemable participating preference shares (per share)	2.308	2.287

9 Subsequent events

These Financial Statements were approved for issuance by the Board on 1 March 2018. Subsequent events have been evaluated up until this date.

As at the date of this report the Company had 172,788,416 redeemable participating preference shares of 0.01p each and 2 Management shares of £1.00 each in issue. Therefore, the total voting rights in the Company at the date of this report were 172,788,418.

As a listed closed-ended fund, the Company falls under the definition of a retail investment product for Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation issued by the FCA which came into effect 1 January 2018. As such, the Company is required to produce a Key Information Document (KID) which is available on the Company's website.

The Board of Directors has appointed Canaccord Genuity Limited to act as sole corporate broker to the Company with effect from 2 January 2018.

On 22 January 2018, Ashe Windham acquired 10,000 shares in the Company and an immediate family member of Ashe Windham acquired 5,000 shares in the Company.

Mrs Sarah Evans resigned as Chair of Audit Committee and Director on 31 January 2018. Mr Chris Russell, an independent non-executive director, will assume temporary responsibility as Chair of the Audit Committee following Mrs Evans' retirement.

On 2 February 2018, an application was made to the UK Listing Authority and the London Stock Exchange for the blocklisting of 13,112,500 redeemable preference shares of 0.01 pence each pursuant to the General Corporate Purposes Scheme with an admission date of 7 February 2018. The shares have been issued and rank pari passu with the existing shares of the Company.

A second interim dividend of 0.9p per share in respect of the half year ending 31 December 2017 was declared on 1 March 2018. The dividend is payable on 23 March 2018 to shareholders on record at 9 March 2018.

Portfolio statement

as at 31 December 2017 (unaudited)

	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
Government index-linked bonds 31.91%				
(30 Jun 17: 39.09%)				
Canada				
Canada Real Return Bond 2.00% 01/12/2041	CAD	4,200,000	3,836,100	0.97
			3,836,100	0.97
United Kingdom				
UK Index-Linked Gilt 0.125% 22/11/2019	GBP	6,135,000	7,111,348	1.81
UK Index-Linked Gilt 1.875% 22/11/2022	GBP	9,710,000	15,712,130	3.99
UK Index-Linked Gilt 1.250% 22/11/2055	GBP	500,000	1,790,563	0.46
UK Index-Linked Gilt 0.375% 22/03/2062	GBP	8,400,000	22,554,941	5.73
UK Index-Linked Gilt 0.125% 22/03/2068	GBP	7,500,000	19,873,913	5.05
			67,042,895	17.04
United States				
US Treasury Inflation Indexed Bond 1.125% 15/01/2021	USD	13,500,000	11,588,807	2.95
US Treasury Inflation Indexed Bond 0.625% 15/07/2021	USD	19,350,000	15,955,776	4.05
US Treasury Inflation Indexed Bond 0.125% 15/01/2023	USD	17,500,000	13,717,084	3.49
US Treasury Inflation Indexed Bond 0.375% 15/07/2023	USD	17,000,000	13,420,100	3.41
			54,681,767	13.90
Total government index-linked bonds			125,560,762	31.91

	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
Short dated conventional government bonds 3.81%				
(30 Jun 17: 0.00%)				
United Kingdom				
UK Treasury Bill 0.00% 26/03/2018	GBP	15,000,000	14,993,025	3.81
			14,993,025	3.81
Total short dated conventional government bonds			14,993,025	3.81
Preference shares 0.17%				
(30 Jun 17: 0.17%)				
United Kingdom				
Raven Russia Preference Shares	GBP	466,474	671,723	0.17
			671,723	0.17
Total preference shares			671,723	0.17
Equities 44.59%				
(30 Jun 17: 40.16%)				
Europe				
France				
Vivendi	EUR	220,000	4,378,359	1.11
			4,378,359	1.11
Germany				
TAG Immobilien	EUR	110,000	1,541,311	0.39
			1,541,311	0.39
Norway				
Statoil	NOK	135,530	2,146,017	0.55
			2,146,017	0.55

	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
United Kingdom				
Belvoir Lettings	GBP	1,190,295	1,166,489	0.30
Better Capital (2012)	GBP	3,088,700	710,401	0.18
Better Capital (2009)	GBP	294,641	162,053	0.04
Booker Group	GBP	1,208,665	2,767,843	0.70
Countryside Properties	GBP	575,490	2,031,480	0.52
Crawshaw Group	GBP	2,000,000	220,000	0.06
Hansteen Holdings	GBP	750,000	1,072,500	0.27
IP Group	GBP	618,386	879,345	0.22
ITV	GBP	1,650,000	2,727,450	0.69
Lloyds Banking Group	GBP	12,600,000	8,544,060	2.17
Oakley Capital Investments	GBP	2,825,794	4,591,915	1.17
Ocado Group	GBP	507,000	2,010,762	0.51
PRS Real Estate Investment Trust	GBP	571,100	601,083	0.15
Raven Russia	GBP	1,544,917	757,009	0.19
Renn Universal Growth Trust	GBP	937,500	893,512	0.23
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	17,965	3,777,172	0.96
Secure Trust Bank	GBP	58,345	1,036,207	0.26
Sophos Group	GBP	510,280	2,903,493	0.74
System1 Group	GBP	250,000	887,500	0.23
Tesco	GBP	2,085,000	4,362,863	1.11
Tufton Oceanic Assets	GBP	1,643,100	1,226,783	0.31
Van Elle	GBP	1,025,573	892,249	0.23
Vodafone Group	GBP	959,522	2,253,437	0.57
			46,475,606	11.81
Total European equities			54,541,293	13.86
Canada				
Imperial Oil	CAD	72,000	1,666,053	0.42
Total Canadian equities			1,666,053	0.42

	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
United States				
Alliance Data System	USD	10,000	1,873,960	0.48
Apple	USD	30,734	3,846,208	0.98
Aptiv	USD	13,000	815,221	0.21
Check Point Software Technologies	USD	50,000	3,829,976	0.97
Delphi Technologies	USD	4,333	168,099	0.04
Exxon Mobil	USD	42,497	2,632,285	0.67
Foot Locker	USD	85,000	2,945,074	0.75
Lamb Weston Holdings	USD	53,000	2,211,680	0.56
Leucadia National	USD	203,970	3,994,208	1.02
McKesson	USD	35,000	4,035,446	1.03
Oracle	USD	25,000	873,960	0.22
Tenaris	USD	230,000	5,415,265	1.37
Ultrapar Participacoes	USD	100,935	1,695,991	0.43
Walt Disney	USD	68,000	5,418,384	1.37
Total United States equities			39,755,757	10.10
Asia				
China				
China Life Insurance	HKD	459,000	1,065,589	0.27
PICC Property & Casualty	HKD	600,000	851,076	0.22
			1,916,665	0.49

	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
Japan				
Bandai Namco Holdings	JPY	130,000	3,139,369	0.80
LF Ruffer Japanese Fund*	GBP	4,090,101	10,391,719	2.64
East Japan Railway	JPY	25,800	1,859,820	0.47
Fujifilm Holdings	JPY	119,200	3,601,329	0.92
Hazama Ando	JPY	259,000	1,497,362	0.38
Japan Post Holdings	JPY	350,000	2,962,845	0.75
Mitsubishi Electric	JPY	100,000	1,227,464	0.31
Mitsubishi Heavy Industries	JPY	30,000	828,612	0.21
Mitsubishi UFJ Financial Group	JPY	1,125,400	6,098,640	1.55
Mitsui Fudosan	JPY	60,000	993,390	0.25
Mizuho Financial Group	JPY	5,578,500	7,486,209	1.90
NTT Urban Development	JPY	419,000	3,585,443	0.91
Rakuten	JPY	283,100	1,914,428	0.49
Resona Holdings	JPY	1,156,000	5,105,333	1.30
Seven & I Holdings	JPY	63,000	1,935,634	0.49
Softbank Group	JPY	50,000	2,926,097	0.74
Sony	JPY	75,000	2,501,685	0.64
Sumitomo Mitsui Financial Group	JPY	275,200	8,784,018	2.23
T&D Holdings	JPY	850,000	10,734,654	2.73
			77,574,051	19.71
Total Asian equities			79,490,716	20.20
Total equities			175,453,819	44.59

	Currency	Holding at 31 Dec 17	Fair value £	% of total net assets
Global investment funds 7.20%				
(30 Jun 17: 6.56%)				
United Kingdom				
Herald Worldwide Fund	GBP	64,341	3,102,503	0.79
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	22,985,080	15,328,750	3.89
Ruffer SICAV Global Smaller Companies Fund*	GBP	48,530	7,917,618	2.01
Weiss Korea Opportunity Fund	GBP	1,100,000	1,991,000	0.51
			28,339,871	7.20
Total global investment funds			28,339,871	7.20
Gold & gold mining equities 4.98%				
(30 Jun 17: 4.59%)				
United Kingdom				
LF Ruffer Gold Fund*	GBP	9,994,002	15,813,510	4.02
			15,813,510	4.02
United States				
I SHS Physical Gold	GBP	200,000	3,770,097	0.96
			3,770,097	0.96
Total gold & gold mining equities			19,583,607	4.98
Options 0.79%				
(30 Jun 17: 1.69%)				
United Kingdom				
Ruffer Protection Strategies International*	GBP	6,862,482	3,121,057	0.79
Total options			3,121,057	0.79
Total financial assets at fair value through profit or loss			367,723,864	93.45
Other net current assets			25,765,361	6.55
Management share capital			(2)	–
Total value of company (attributable to redeemable participating preference shares)			393,489,223	100.00

These fair values are based on information available at the time of publication and may differ from the fair values shown in the unaudited results announcement. These fair values comply with International Financial Reporting Standards (IFRS).

* 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 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 1 March 2018 by the Directors.

The prices of the shares in the Company are published in The Financial Times in the Investment Companies section, and in the Daily Telegraph's Share Prices & Market Capitalisations section under Investment Trusts.

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 intends 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 cent. per annum on the first £100 million and 0.10 per cent. 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 'Depository') is entitled to an annual Depository 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
Sarah Evans
(resigned 31 January 2018)

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Investment Manager and Alternative Investment Fund Manager

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From 1 January 2018
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