Ruffer Investment Company Limited

Annual report
for the year ended
30 June 2019

Contents

Key Performance Indicators*

	30 Jun 19 %	30 Jun 18 %
Share price total return over 12 months[1]	(5.7)	(1.0)
NAV total return per share over 12 months[1]	(0.9)	0.8
(Discount)/premium of share price to NAV	(4.0)	0.9
Dividends per share over 12 months[2]	1.8p	1.8p
Annual dividend yield[3]	0.8	0.8
Annualised total return per share since launch[1]	7.2	7.8
Ongoing charges ratio	1.13	1.18

Financial highlights

	30 Jun 19	30 Jun 18
Share price	216.00p	231.00p
NAV[5]	£406,745,803	£405,711,462
Market capitalisation	£390,502,979	£409,305,241
Number of shares in issue	180,788,416	177,188,416
NAV per share at year end as calculated on an IFRS basis	224.72p	229.30p
NAV per share at year end as reported to the LSE[6]	224.98p	228.97p

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 (unaudited)	30 June (audited)

* Figures use Net Asset Value (NAV) per share as reported to the London Stock Exchange (LSE) unless otherwise stated.

1 Assumes reinvestment of dividends.

2 Dividends per share over 12 months relates to declared during the year.

3 Annual dividend yield is calculated using share price at the year end and dividends declared during the year.

4 See note 9.

5 This is the NAV as released on the LSE for 30 June each year.

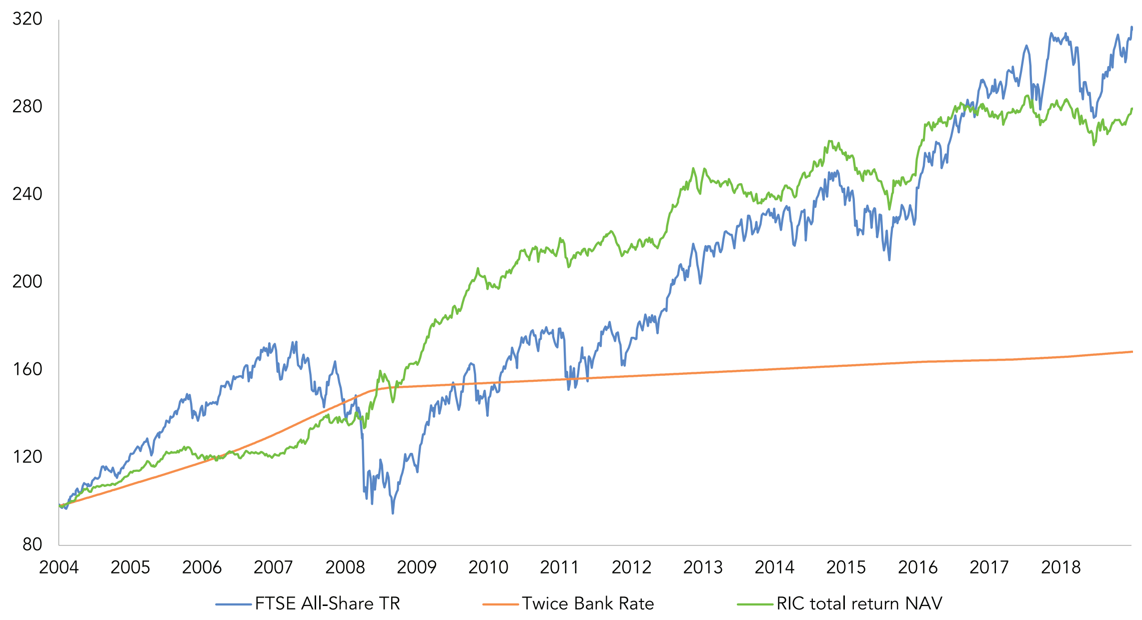
6 This is the NAV per share as released on the LSE. The NAV is calculated weekly and at month end. Refer to note 14 on page 77 for the reconciliation to the NAV as per the Financial Statements.

Chairman's review

For the third year, your Directors elected to publish an unaudited financial report in order to give our shareholders a more timely review of the year. This year the unaudited financial report was published on 23 July. This report represents the fully audited results of the Company for the year ended 30 June 2019.

Performance

The objective of Ruffer Investment Company Limited (the Company) is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate. The Bank of England raised the rate from 0.5% to 0.75% on 2 August 2018 and there it has stayed. The blended average rate for the 12 month period ended 30 June 2019 was therefore 0.73%, which gave the Company a target return of 1.46%. In the twelve months from 1 July 2018 to 30 June 2019, the net asset value (NAV) per share of the Company fell from 228.97p to 224.98p, a decline of 1.74%. Adding dividends of 1.8p paid during the period, this equates to a total return of -0.9%. There is no disguising the fact that this return is disappointing and it falls below the annualised return generated since the Company was launched in 2004 of 7.2%. By way of context, the FTSE All-Share Total Return index rose by 0.6% over the year. Since launch, the NAV of the Company has risen by 183.0% including dividends, compared with a rise of 71.8% in the target return and 218.1% in the FTSE All-Share Total Return index. However, the Company has achieved this with much less volatility.



Source: Datastream, Ruffer LLP. Data to 30 June 2019

Your Directors believe a steady approach to managing your assets with a view to preserving capital through the cycle is what you expect, rather than a high-octane style which courts disappointment when markets turn down. Whilst we accept that there is a price to be paid for holding certain assets, in our case option protection and the illiquid strategy funds, which are designed to protect against the downside, akin to buying insurance, we also endeavour to make money overall from the 'greed' element of the portfolio when markets are buoyant. That our Investment Manager failed to do this over the 12 month period is not wholly surprising given that the 'greed' side of the portfolio was invested in cyclical, developed-world equities which remained out of favour even after the ructions of Q4 2019 and in the subsequent recovery in the first half of this year.

The major threats seem to me to be the extraordinary fact that rather over US$13 trillion worth of government and corporate bonds are now in negative yield territory coupled with many open-ended investment funds promising daily liquidity in seemingly unlimited size whilst only a fraction of their underlying investments are capable of being traded on a daily basis. I commented some years ago that it was a scandal that property investments, highly illiquid by their very nature, should be held in open ended funds – the 'gating' of many property funds does not seem to have brought about any changes from the regulators as to how these funds are managed and marketed. Recent developments in the UK, where a previously highly regarded 'star' manager lost his lustre, have shown the folly of placing illiquid investments in open-ended structures. The natural homes for such investments are closed-ended vehicles. This Company does have some illiquid investments, forming a relatively small part of the Company's NAV, since such instruments are vital to providing the protection we seek in the event of market dislocations. The key differences are that the company's illiquid assets are structured appropriately (namely the underlying investments are more liquid than the fund structure in which they are held), are held only by Ruffer discretionary clients and not outside investors, and liquidity in these investments should improve in a dislocation as they are sought out by others for protection and covering short positions. The Directors are drawing some comfort at the time of writing from the fact that the NAV of your Company has risen since the end of June against the tide of falling markets.

Earnings and dividends

Earnings for the year were +2.16p per share (2018 – +1.83p per share) on the revenue account and -4.92p per share (2018 – +0.35p per share) on the capital account. Earnings from the revenue account remain depressed owing to the heavy weighting in index-linked securities, illiquid strategy funds, options, gold and gold equities, most of which yield next to nothing. At present, it looks as if a total annual dividend of at least 1.8p per share should be sustainable, but the Directors will not hesitate to cut the dividend again should this prove necessary. Rest assured that 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. As far as setting the dividend is concerned, the Directors aim to give the Investment Manager maximum flexibility to follow whichever course will lead to the best results for our shareholders. We regard income as a by-product of the investment process and not a target.

Board succession planning

As heralded at the interim stage, I shall be remaining as Chairman until the AGM in December 2020, at which point I shall have served as a Director of your Company for almost 12 years. The Financial Reporting Council has stated that if the Chairman serves beyond the nine year point then the Board should disclose its policy on the tenure of the Chairman. Your board has concluded that a Director of the Company, who subsequently becomes Chairman, should serve for no more than a total of 12 years. John Baldwin, having joined the Board in February 2011, will be stepping down as a Director in June 2020. The Nominations Committee has interviewed three head-hunting firms and has recently appointed a full-service firm to conduct a concurrent search for two new non-executive Directors, whom it is anticipated will start in Q2 and Q3 2020. Your Directors are ever cognisant of the need to balance gender and other attributes, including the requirement to appoint other than UK residents for this Company, which is Guernsey domiciled, such that we have more overseas-domiciled Directors than UK-based ones at any one time.

Responsible investing

During the Directors' visit to Ruffer's office in London on 25 June 2019, as part of our annual 'kick the tyres' session with the Manager, we met the Responsible Investment team and were greatly reassured at the proactivity the Manager is showing in engaging with the companies in which we are invested. Environmental, social and governance (ESG) analysis is an integral part of the research process in the belief that good practice in these areas is likely to result in good corporate performance, which in turn will result in better returns for shareholders over the long term. We also specifically discussed how the Manager is engaging with companies in relation to climate change. Full details are available on the Ruffer website but it is worth specifically noting that the Manager votes on all voting shares held by the Company and that they disclose details of their voting and engagement activities within their annual ESG report.

May I draw your attention to the enclosed form from Computershare, which enables you to opt in to receiving hard copies of annual and interim reports in future. The Directors are keen to reduce our carbon footprint. We are currently despatching almost a thousand copies of financial reports twice each year, which costs your Company a good deal in printing and posting, and is detrimental to the environment. I would recommend that you receive such reports in soft copy in future.

Annual general meeting

The AGM of the Company will be held at 12 noon on 5 December 2019 at the Company's registered offices at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA.

Share issuance

Since 30 June 2018, the Company has issued 3,600,000 new shares at a premium to net asset value (NAV) which benefits existing holders and helps keep the premium modest. Since Q4 last year the Company has slid to a small discount, making any further such issuance impossible since we will not allow issuance at a discount. As has been stated before, your Directors are keen to get the market capitalisation of this Company to £500 million+ in order to make it accessible to even the largest wealth managers, who typically find it difficult to find market liquidity in investment companies unless they are capitalised at north of £400 million. We aim to achieve this goal through a mixture of performance and share issuance at a premium to NAV. It is disappointing but understandable that, after many years of trading at a premium, the Company should find its share price at a discount to NAV.

Share buyback authority

The authority to buy back shares, which was granted to the Directors at the AGM in November 2018, has not been invoked over the period of this report. We came very close to triggering it on a couple of occasions, but our broker was trying to find shares for a buyer and we judged it sensible to let market forces take their course. Nevertheless, the Board has resolved to seek, at the AGM on 5 December 2019, a renewal of its authority to buy back shares at a discount to NAV per share under the terms to be stated in a Special Resolution. The eagle-eyed amongst you will notice that Canaccord Genuity is no longer our broker, but that we are now being looked after by Investec, who successfully employed the entire broking team from Canaccord when their parent decided to extricate themselves from the UK investment company business.

Share redemption facility

The Company has a Redemption Facility operable in November each year. Given the fact that the Company has been trading close to its NAV for most of the year under report, and that it is currently trading at a 2.1% discount to NAV the Board does not currently intend to offer this facility in November 2019.

Brexit

Operational perspective

No change in the portfolio management process is envisaged, as the Company's 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 reporting 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. At 30 June 2019 Sterling exposure was 74%.

Ruffer LLP

In previous reports, I have devoted some time to describing the unique culture at Ruffer and, despite two years of dull returns, as far as I can judge, morale remains resolutely high. As at 30 June 2019 assets managed by Ruffer exceeded £21 billion, down from just over £22 billion 12 months earlier. The firm's defensive posture, wholly uncorrelated returns and refusal to act as an 'index hugger' is still appreciated as a diversifying asset within client portfolios. Jonathan Ruffer remains intimately involved in both the strategic direction of Ruffer LLP and the research process. In fact, he has recently rebalanced his time commitments slightly, spending less time on his philanthropic activity in Bishop Auckland. His guiding touch remains a tangible benefit to the firm which he founded 25 years ago.

Outlook

Ten years have passed since the last major crisis. There are signs, discussed in the Investment Manager's report, that we are nearing the end of this bull market which has swept most asset classes along with it, and your Directors remain confident that the Company is well-positioned to preserve investors' buying power through the next crisis and beyond. Markets remain addicted to low interest rates, which stand close to multi-century lows and any attempt to raise rates results in markets selling off. The u-turn executed by the US Federal Reserve in January this year gave new legs to the bull market but compromised central bank credibility. There are many challenges ahead but this Company is managed with the aim of preserving capital. Our portfolio is structured both to protect and to grow our assets under the scenarios which we believe are most likely to occur.

Ashe Windham

19 September 2019

Business model and strategy

Ruffer Investment Company Limited ('the Company') carries on business as a closed-ended investment company. Its shares are traded on the Main Market of the London Stock Exchange (LSE) and it was admitted to the premium segment of the Official List of the UK Listing Authority on 20 December 2005. The Company is externally managed by Ruffer AIFM Limited, a UK investment manager authorised and regulated in the conduct of Investment business in the United Kingdom by the Financial Conduct Authority (FCA). Ruffer AIFM Limited is also the Alternative Investment Fund Manager (AIFM) of the Company.

Board

The Board of Directors is responsible for the overall stewardship of the Company, including general management, structure, finance, corporate governance, marketing, risk management, compliance, gearing, contracts and performance. Biographical details of the Directors, all of whom are non-executive, are listed on page 24 and on the Management and Administration summary on page 104. The Company has no executive directors or employees.

The Board has contractually delegated to external parties various functions as disclosed in the Corporate Governance Statement on pages 37 to 38.

Investment objective

The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate.

The Bank of England raised rates from 0.5% to 0.75% on 2 August 2018. The blended average rate for the year ended 30 June was therefore 0.73%.

The Company predominantly invests in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supra-nationals or government organisations.

Investment strategy

The Company's strategy is to create a balanced portfolio of offsetting assets which in aggregate are intended to enable the Company to meet its investment objective. The aspiration remains to produce a positive return across the market cycle. Over shorter periods this is likely to result in the Company lagging sharply rising equity markets, but outperforming falling equity markets. This strategy will be implemented predominantly through investments in listed securities, collective investment schemes and currencies but the Manager has the flexibility to use other asset classes should it be necessary to do so.

At present the Manager is concerned about the outlook for global markets and has adopted a cautious stance using index-linked bonds and gold to protect against rising inflation, while options and illiquid strategies investments protect against falling equity and bond markets. Cognisant of the fact that timing such events is difficult to achieve, equity investments, selected both on a stock specific and thematic basis, are held alongside the protective investments in order to generate a return should the Manager's caution be misplaced or prove to be too early. There are also holdings in a variety of stock specific opportunities predominantly in the US, Japan, UK and Europe, but the Manager is not restricted to these regions.

Investment policies

In selecting investments, the Company adopts a stock picking approach and does not adopt any investment weightings by reference to any benchmark. Both the Board and the Investment Manager believe that the adoption of any index related investment style would inhibit the ability of the Company to deliver its objective.

The Company invests across a broad range of assets, geographies and sectors to achieve its objective. This allocation will change over time to reflect the risks and opportunities identified by the Investment Manager across global financial markets, with an underlying focus on capital preservation. The allocation of the portfolio between different asset classes will vary from time to time so as to enable the Company to achieve its objective. There are no restrictions on the geographical or sectoral exposure of the portfolio (except those restrictions noted below).

The universe of equity, equity related securities or bonds in which the Company may invest is wide and may include companies domiciled in, and bonds issued by entities based in, non-European countries, including countries that are classed as emerging or developing. This may result in a significant exposure to currencies other than pound sterling. Where appropriate, the Manager will also use in-house funds to gain exposure to certain asset classes.

The Company may use derivatives, including (but not limited to) futures, options, swap agreements, structured products, warrants and forward currency contracts, for efficient portfolio management purposes only.

Investment restrictions and guidelines

It is not intended for the Company to have any structural gearing. The Company has the ability to borrow up to 30%. of the NAV at any time for short term or temporary purposes, as may be necessary for settlement of transactions, to facilitate share redemption or to meet ongoing expenses.

The proportion of the portfolio invested into companies based in emerging or developing countries will be limited, at the time of any investment, to below 15%. of the Company's gross assets.

The Directors have determined that the Company will not engage in currency hedging except where the Investment Manager considers such hedging to be in the interests of efficient portfolio management.

The Directors have determined that not more than 10%, in aggregate, of the value of the gross assets of the Company at the time of the acquisition may be invested in other UK listed investment companies (including UK listed investment trusts) except that this restriction does not apply to investments in such entities which themselves have stated investment policies to invest no more than 15%. of their gross assets in other UK listed investment companies (including listed investment trusts). Regardless of the above restriction, the Directors have further determined that no more than 15%. in aggregate of the Company's gross assets will be invested in listed investment companies (including listed investment trusts).

General

In accordance with the requirements of the United Kingdom Financial Conduct Authority (FCA), any material changes in the Investment Policies and Objectives of the Company may only be made with the approval of shareholders.

Investment of assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Company's Investment Manager which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the Investment Policies and other investment restrictions during the reporting year. The Company's Top Ten holdings and Portfolio Statement are on page 23 and pages 97 to 101 respectively.

Environmental policy

Whilst the Company has a limited carbon footprint in respect of its day to day activities, the Board notes that Ruffer AIFM Limited recognises that environmental responsibility is core to its longer term business success, and actively integrates environmental, social and corporate governance (ESG) issues into its investment process. Ruffer AIFM Limited's Environmental, Social and Governance Policy is available upon request from the Investment Manager. For a little more detail, please see the Chairman's comments on Responsible Investing in his report.

Shareholder value

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective of realising a positive total annual return, after all expenses, of at least twice the return of the Bank of England Bank Rate. Having considered the portfolio performance and investment strategy, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

Principal risks and uncertainties and their management

The Board has undertaken a robust assessment of the principal risks facing the Company and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. As stated within the Report of the Audit and Risk Committee on page 44, the Board, with the assistance of the Administrator and the Investment Manager, has drawn up a risk assessment matrix, which identifies the key risks to the Company. The principal risks and uncertainties faced by the Company, which are unchanged from the previous year, and the mitigating factors adopted by the Company are summarised below.

Investment risks – The Company is exposed to the risk that its portfolio fails to perform in line with the Company's objectives. The Board reviews reports from the Investment Manager at each quarterly Board meeting, paying particular attention to the diversification of the portfolio and to the performance and volatility of underlying investments

Operational risks – The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Investment Manager or the Administrator. The Board receives reports annually from the Investment Manager and Administrator on their internal controls and reviews pricing reports covering the valuations of underlying investments at each quarterly Board meeting

Accounting, legal and regulatory risks – The Company is exposed to risk if it fails to comply with the regulations of the UK Listing Authority or the Guernsey Financial Services Commission or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements and

Financial risks – The financial risks faced by the Company include market, credit and liquidity risk. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting. Further details on financial risks are discussed in note 19 of the Financial Statements on pages 81 to 93.

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's portfolio.

Long term viability statement

The Directors have assessed the prospects of the Company over a longer period than the 12 months minimum required by the 'going concern' provision. For the purposes of this statement, having regard to the economic planning cycle and the Company's strategy review period, the Board has adopted a three year viability period.

In its assessment of the Company's viability over the three year period the Board has considered each of the Company's principal risks detailed on pages 13 to 14 and in particular the impact of a significant fall in the value of the Company's investment portfolio.

The Directors consider that a 30% fall in the value in the Company's portfolio would be significant but would have little impact on the Company's ability to continue in operation over the next three years. In reaching this conclusion, the Directors considered the Company's expenditure projections, the fact that the Company currently has no borrowing, but has the ability to borrow up to 30% of its NAV and that the Company's investments comprise predominantly readily realisable securities which can be expected to be sold to meet funding requirements if necessary, assuming market liquidity continues.

Also, the Board has assumed that the regulatory and fiscal regimes under which the Company operates will continue in broadly the same form during the viability period. The Board speaks with its broker and legal advisers on a regular basis to understand issues impacting on the Company's regulatory and fiscal structure. The Administrator also monitors changes to regulations and advises the Board as necessary. The Board also has access to the Administrator's compliance resources as well as visiting the compliance department of the AIFM regularly.

Based on the Company's processes for monitoring operating costs, share discount, internal controls, the Investment Manager's performance in relation to the investment objective, the portfolio risk profile, liquidity risk and the robust assessment of the principal risks and uncertainties facing the Company, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Key performance indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are disclosed in detail on page 3.

Investment Manager's report

Performance review

The Chairman's review has already provided the headline numbers. Despite performance picking up in the first six months of 2019, the Company posted a net asset value loss of 0.9% after adjusting for dividends in the 12 months to June 2019. This is a failure to meet our primary investment objective and we share the frustration of our shareholders. However, it is our strong belief that events are moving in a direction which will ultimately prove to be rewarding for those invested in the Company.

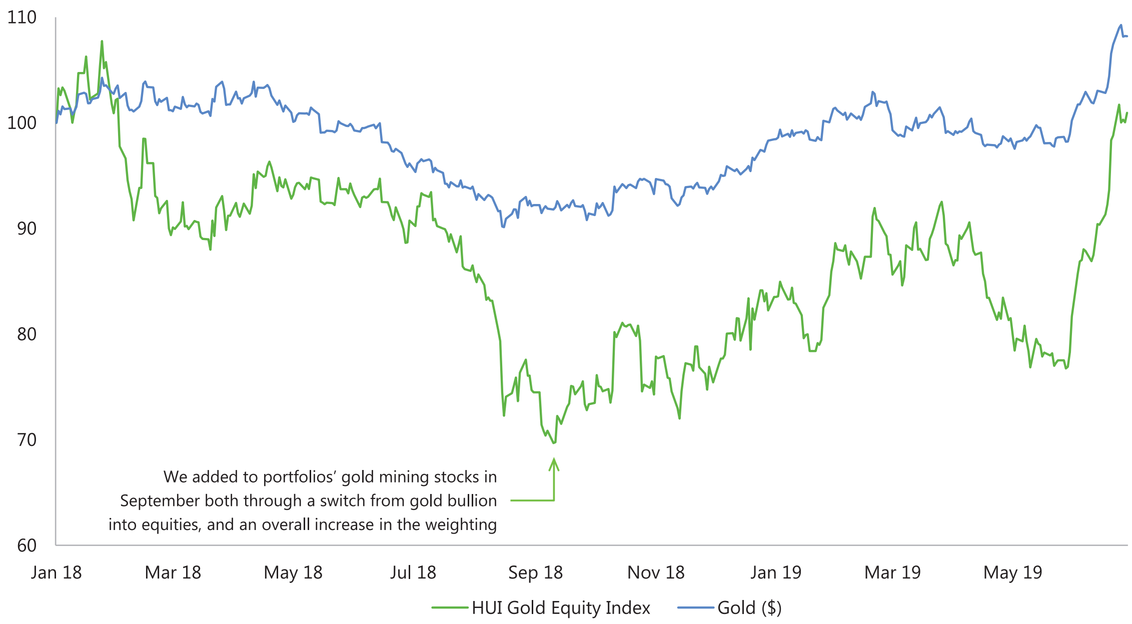
Over the period, our unconventional protective assets were again a dragging anchor on performance. The credit protection in the Ruffer Illiquid Multi Strategies Fund 2015 cost the portfolio (-170bps). Yet this fund rose 30% in the fourth quarter of 2018 as markets sold off, giving us comfort that it will protect us when needed. Option protection, mostly against a fall in equities, was the other big detractor (-190bps). We do not bear these costs lightly – our performance would be much better without them – but they are necessary in an environment where conventional protections cannot be relied on.

On the positive side of the ledger, inflation-linked bonds delivered strong returns (+230bps) despite inflation expectations remaining largely steady. This is one of the benefits of index-linked bonds; they can rise in value in both inflationary and disinflationary times because they react to changes in real interest rates rather than being a binary bet on inflation rising. We also made money in US inflation-linked bonds – increasing the duration of our holdings in November, then taking profits in March.

Gold helped. Our move to increase gold exposure via equities in September proved profitable and well-timed. It was shortly followed by a spurt of mergers, which catalysed the sector to re-rate at the same time as the gold price was perking up. Gold and gold equities added 175bps to performance.

The jaws of a golden opportunity

Gold mining stocks sold off hard relative to the gold price in 2018



Source: Bloomberg; Ruffer internal analysis

Equities have had a choppy twelve months; the FTSE All-Share TR was flat but with significant volatility during the year. Overall, equities cost the portfolio (-80bps). Within this there were some notable successes and one notable mistake.

Our mistake was that even though by mid-2018 the portfolio had a low equity weighting, it was biased towards value, oil, cyclicality and economic sensitivity. Our rationale was that if markets and the economy remained strong then this part of the portfolio would need to fight hard for us. By contrast, if markets fell, we thought the most popular and crowded trades would suffer more than the cheap and unloved companies we owned. This assumption proved to be wrong – when the market fell our cyclical stocks fell by at least as much as the market as a whole.

On a brighter note, some of the Company's largest holdings performed well – Walt Disney (+35%, +73bps), Vivendi (+17%, +31bps) and Ocado (+13%, +17bps).

Activity

For most of 2018, for the first time in a few years, it seemed like central bankers might do as they had been saying they were going to do – raise rates in the near future. As the market came to price this in, US inflation-linked bonds (TIPS) offered a rare positive real yield in arguably one of the safest assets in the world. We added 10% to these assets in November. As global bond yields dived lower in 2019 we took profits on this trade to reduce the portfolio's duration.

The dominant currency remains sterling (74%). Not only is it the Company's base currency (and we would therefore be adding risk by leaving overseas currency exposure unhedged) but it also offers fundamental value on a long term basis. Among other currencies, we have been actively reducing exposure to the US dollar in recent months. Given the *volte face* of the US Federal Reserve, narrowing interest rate differentials and the uncertainty of trade wars, it appears to us less obvious that the dollar will function as a safe haven. We have maintained a larger weighting in the yen (8%) – towards the end of the period with additional exposure through the option book – and this has performed well to date.

The portfolio has benefited from takeovers during the period. NTT Urban was bid for at a 30% premium to the market price, this alone added 0.3% to NAV and highlighted some of the value on offer in Japanese equities. We engaged profitably in merger arbitrage around large deals in the US via Anadarko Petroleum and Celgene.

Beady eyed shareholders may have noted that Japan is no longer our largest equity allocation and that, for the first time since December 2008, there are no Japanese financials in our top ten equity positions. We remain optimistic on the prospects for the Japanese market, the latency of structural reform and corporate change as expressed via Sony, Bandai Namco and Nomura Real Estate. Despite this we sold down Japanese financials during the period. These stocks were held as an offset to the duration in US TIPS – as these were reduced the financials were no longer needed.

At the period end the Company had around 40% in equities, spread across a mix of value stocks, special situations and cyclicals.

Investment outlook

Jeremy Stein, a former Federal Reserve Governor, astutely observed that monetary policy, while a blunt instrument, was the most effective policy tool because 'it gets in all the cracks'. What he meant by this was that interest rates are the fulcrum from which all economic and market activities take their lead. Because higher interest rates have a broad but blunt impact in tightening financial conditions and curbing risk-taking, policy makers don't necessarily need to have spotted the exact root cause of the next problem. Targeted, narrow macro-prudential or fiscal policies often have a sort of whack-a-mole nature to them – you may squash one problem but up pops another.

The trouble is that after a decade of zero interest rates, and five years of negative interest rates in Europe and Japan, the economy and market are utterly incapable of tolerating higher interest rates. Twice in 2018 markets reacted badly to the prospect of higher rates before the pivot from Jerome Powell, chairman of the US Federal Reserve, caused expectations for interest rates globally to crash lower again. By the period end almost 20% of total debt outstanding globally stood at negative yields – at the latest estimate worth some US$13 trillion, as noted in the chairman's statement. Investors must never forget how extraordinary and unprecedented this backdrop is. Interest rates are the price of money and this price has been grotesquely distorted for a long period of time. This will have consequences, seen and unseen.

As un-benchmarked, multi-asset investors we are entrusted by our shareholders to take risk on their behalf and to make an assessment as to the quantum of that risk. Today, as every day, we scan the landscape and must make a judgement as to whether or not the environment will be rewarding. We see a litany of risks investors must overcome; we split them broadly into market risks and economic risks.

Market risks

Investor exuberance

There are pockets of froth in areas such as cryptocurrency, unicorns, cannabis stocks, and a belief that companies can thrive without profits indefinitely. One striking difference in investor psychology at market tops and bottoms is the willingness to believe. At the bottom no assumption is pessimistic enough. At the top there is a suspension of disbelief: even the most optimistic plans seem credible, fuelled by the 'free money' effect of low interest rates. Investors are being asked to use their imagination as to what these companies might one day become – but pay up now.

Valuations

Depending on which metric one uses, valuations are between average and extremely high. Forward P/E or the earnings/bond yield spread make the market plausibly valued but embed an assumption of current levels of profitability and near record profit margins. Longer term metrics, which have been highly predictive of future returns until this cycle, are flashing red – Q ratio, market cap/GDP, cyclically adjusted P/E. The ten year CAPE will soon not have a recession in the data which somewhat defeats the point.

Homogeneity

So many portfolios look the same. Investors are crowded into the things that have worked: US over Europe, growth, FAANG, quality franchises. Going deeper, a wave of mergers has led to an agglomeration into fewer, larger asset managers with institutional investment processes which look similar. Portfolios are often analysed using the same software, the same risk metrics catering to the same investor parameters. This has led to a startling degree of homogeneity and a flywheel of self-reinforcing behaviours. Investors are not as diversified as they think they are.

Technical factors

There is a glut of technical factors which make the market structure avalanche prone and these are having distorting effects. The rise of passive investment means more capital is allocated in an unthinking manner than ever before. Volatility embodies Goodhart's Law, 'when a measure becomes a target, it ceases to be a good measure'. Trillions of dollars under a variety of investment strategies use volatility as a barometer of when they should take risk. This leads to pro-cyclical buying when volatility is low and selling when volatility spikes.

Machines now dominate trading in the most liquid markets. One consequence is that these algorithms engage and disengage from markets based on similar signals thereby increasing the risk of an instant plunge lower in prices at a point of stress. Traditional market making by humans, often the provider of emergency liquidity, is disappearing due to costs, regulation and bank capital requirements.

Liquidity mismatches have recently made headlines. The dirty secret of the US$10 trillion corporate bond market is a lack of liquidity in the underlying securities. Worryingly, a large percentage of the assets are held in daily dealing mutual funds or exchange-traded funds (ETFs). In a world of compressed risk premiums, many investors have moved to private and venture equity to capture the illiquidity premium. Our concern is that when the music stops there will be no buyers for these assets at prevailing prices, markets will gap down and funds will be gated.

Economic risks

The economic cycle

The US is now in its longest economic expansion in history. The arguments that we will not have another recession due to lower volatility in the components of GDP are becoming more credible: bulls highlight Australia, which has not had a recession in 29 years. We see no reason to believe that policymakers have found an elixir to extend the cycle indefinitely.

Debt levels

Despite ten years of uninterrupted growth since the financial crisis the root cause of that calamity remains; too much debt relative to the size of the economy. Actually, it is worse: the global economy is suffocated by debt and enslaved by unfunded liabilities in terms of pensions and government promises. Only lower and lower interest costs are allowing this debt mountain to be serviced. This is the reason for our belief in the most likely endgame being an inflationary one.

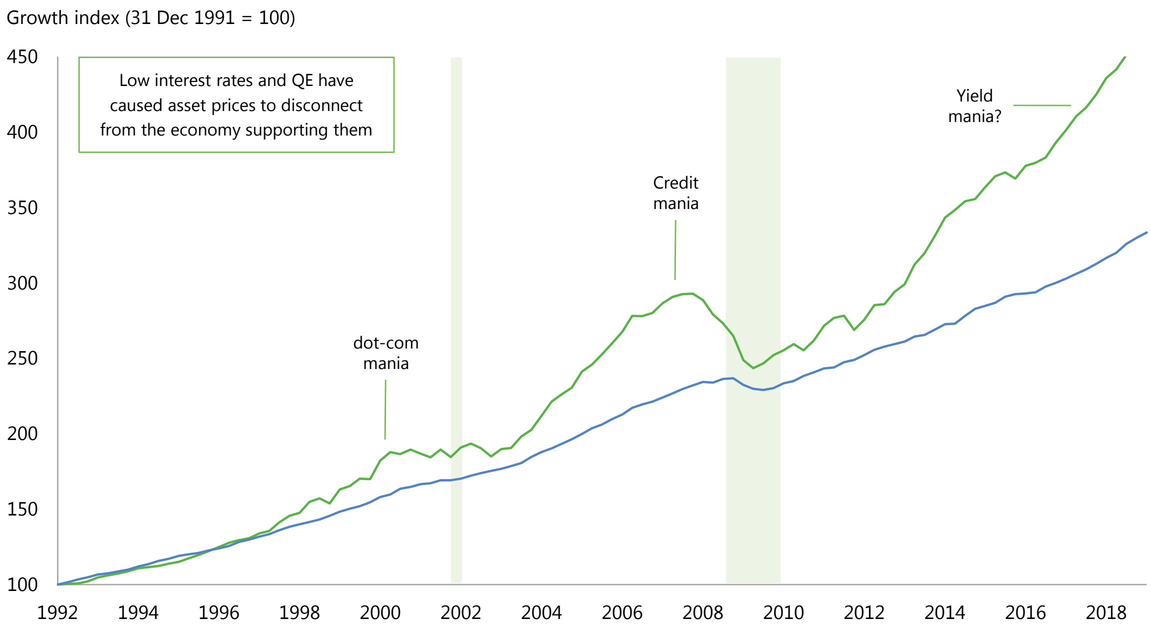
Monetary policy impotence

Recent references by both the Federal Reserve and the European Central Bank to the importance of fiscal stimulus are an indication that monetary policy is losing economic potency in the developed world. Policy makers will have fewer tools to manage the economy or fight the next recession. More radical, experimental policies like modern monetary theory or people's QE will hit the mainstream.

The widening gyre

Within developed world countries (notably ex-Japan) there has been a fissure between the political left and right, the young and old and the rich and the poor. The benefits of the 'fixes' to the global financial crisis in zero interest rates and quantitative easing have accrued overwhelmingly to the rich.

Net worth of US households (stocks, bonds, real-estate) against that of aggregate income (GDP)



Another way to look at this chart is that the green line represents asset owners and the blue line represents the working person whose only asset is their labour. Through this prism it is clear that in this cycle labour has suffered to the benefit of capital. No wonder people are angry. This divergence is a fundamental cause of many of today's societal schisms – inequality, Brexit, Trump and European populism. Closing the gap would be painful for those who have recently done so well.

Geopolitics

For the last 40 years it has broadly made sense for investors to ignore geopolitics. Occasionally events offered opportunities but mostly the rising tide of globalisation has lifted all boats. This trend appears to have stalled and nations are looking inward. Several decades of global co-operation is morphing into more competitive games – exemplified by the disputes around Brexit and US/China trade. This is what happens when the pie stops growing as quickly – players start squabbling over how to slice it.

Conclusion and portfolio overview

In summary, the world is striking in its precarious balance of risks and yet financial markets are priced for a rosy outcome. The economic cycle may be on borrowed time. It is hard to reconcile stocks at all-time highs with bond yields forecasting secular stagnation or recession. How do we reflect the smorgasbord of threats and opportunities into a portfolio designed to deliver consistent positive returns in all weather? Our efforts are focused first on trying to keep investors' capital safe and second on growing their investments.

As it stands today, think of the Ruffer portfolio as a three-legged stool with each leg necessary to support the whole and to protect against a particular scenario.

Inflation-linked bonds and gold – a structural position in the portfolio. Our conviction is that the solution to the problem of too much debt and too little growth will ultimately be an inflationary one. Since 2009 we have tripled our money in the long-dated UK gilts with the real inflationary fireworks yet to happen. Inflation may arise by economic growth or by a monetary mistake, but if the genie gets out of the bottle, the burden of debt prevents rate rises and inflation could become untethered. This environment of negative real yields and financial repression is perfect for inflation-linked bonds.

Unconventional protections – options and the credit protection in the Ruffer Illiquid Multi Strategies Fund serve to protect against a significant market dislocation. In particular, the Company owns protection against a rise in volatility and a rise in corporate borrowing costs. Like insurance, these investments cost money and thus are uncomfortable to hold, but they typically behave like 'anti-assets' offering negative correlations during periods of distress such as February and December 2018. This leg of the stool will save our bacon in the next bear market.

Global equities – we always seek to hold a balance of growth and protective assets in the portfolio. Markets may be fragile and overvalued but there are always opportunities and great companies for analysts with sharp minds to find. We retain a 40% weighting to stocks because it is imperative to capture that growth and because we accept the economic and market cycle can keep rumbling on. There is the potential within our equity book to make a lot of money.

Ruffer AIFM Limited

19 September 2019

Top ten holdings

Investments	Currency	Holding at 30 Jun 19	Fair value £	% of total net assets
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	55,461,992	29,207,227	7.19
UK index-linked gilt 0.125% 22/03/2068	GBP	9,700,000	27,842,151	6.85
UK index-linked gilt 0.375% 22/03/2062	GBP	8,700,000	24,968,422	6.15
LF Ruffer Gold Fund†	GBP	13,200,000	24,760,560	6.09
US Treasury Inflation Indexed Bond 0.625% 15/07/2021	USD	19,350,000	17,383,731	4.28
US Treasury Bond 1.75% 30/11/19	USD	15,631,000	12,292,515	3.03
Walt Disney	USD	110,000	12,101,213	2.98
US Treasury Bond 2.000% 01/31/20	USD	15,003,000	11,813,415	2.91
US Treasury Bond 1.375% 09/30/19	USD	14,974,000	11,770,770	2.90
US Treasury Inflation Indexed Bond 1.25% 15/07/2020	USD	12,090,000	11,222,291	2.76

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

† 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.

Directors

At the date of this report, the Company has five non-executive Directors, all of whom are independent.

Ashe Windham, CVO, aged 62 and a resident of the United Kingdom. After an eleven year career as an officer in the British Army, he joined Barclays de Zoete Wedd (BZW) in 1987 as an institutional equities salesman and was appointed a Director of BZW's Equities Division in 1991. He joined Credit Suisse First Boston in 1997 when they acquired BZW's equities business. In 2004 he joined Man Investments as Head of Internal Communications and in 2007 became Man Group's Global Head of Internal Communications. In June 2009 he resigned from Man Group plc to set up a private family office. He is a non-executive Director of EFG Asset Management (UK) Ltd, a non-executive Director of Miton UK MicroCap Trust Plc and a Director of The Prince's Foundation. Mr Windham was appointed to the Board on 24 February 2009.

John V Baldwin, aged 69 and a resident of Italy. After taking a Master's Degree in Asian Studies at Yale University, he joined Robert Fleming & Co. in 1983 as an investment analyst trainee. In 1984 he was seconded to the Tokyo Branch of Jardine Fleming as an investment analyst, where he continued in various roles for 16 years, the final five as a Director of Jardine Fleming Securities (Asia) and Tokyo Branch Manager. The first foreigner appointed Member Governor of the Tokyo Stock Exchange, he also served on various committees of the Japan Securities Dealers Association. In 2001 he retired from successor firm JPMorgan Chase after serving as Head of Japanese Cash Equities. Mr Baldwin was appointed to the Board on 24 February 2011.

Christopher Russell, aged 70 and a resident of Guernsey, is a non-executive Director of investment and financial companies. These include Hanseatic Asset Management Ltd, a family office in Guernsey, and JPMorgan Core Real Estate Assets Ltd, a vehicle which invests in unlisted global JPMorgan real estate and infrastructure funds and expects to be London-listed. Formerly Chris was Chairman of London main board listed F&C Commercial Property Trust Limited and Macau Property Opportunities Fund Limited and a Director of HICL Infrastructure Company Ltd. Prior to a non-executive career, Chris was a Director of Gartmore Investment Management plc, where he was Head of Gartmore's businesses in the US and Japan. Before that he was a holding board Director of the Jardine Fleming Group in Asia (Hong Kong and Japan). Prior to joining Flemings in London, he was with Phillips & Drew Asset Management. He is a Fellow of the UK Society of Investment Professionals and a Fellow of the Institute of Chartered Accountants in England and Wales. He was commissioned by John Wiley to publish in 2006 'Trustee Investment Strategy for Endowments and Foundations'. Mr. Russell was appointed to the Board on 1 December 2016.

Jill May, aged 58 and a resident of the United Kingdom, has 25 years' experience in investment banking, 13 years in M&A with S.G. Warburg & Co. Ltd. and 12 years as a Managing Director at UBS, focused on group strategy and organisational change. She has broad knowledge of investment banking, asset management and private banking in the UK and EMEA. She is an External Member of the Prudential Regulation Committee of the Bank of England and was a non-executive director of the CMA from its inception in 2013 until October 2016, and a Panel Member of the CMA until 2018. She is a non-executive director of JP Morgan Claverhouse, a UK listed investment trust, Standard Life Investments Property Income Trust, a UK-listed REIT, and of Sirius Real Estate, a UK-listed property company. Ms. May was appointed to the Board on 17 March 2017.

David Staples, aged 62 and a resident of Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation. He also holds the Institute of Directors Diploma in Company Direction and has been granted a personal fiduciary license by the Guernsey Financial Services Commission. For thirteen years until 2003, Mr Staples was a partner with PricewaterhouseCoopers (PwC) and led the tax practice in the South East of England advising several large family and owner-managed businesses. He was also a member of the management board of the firm's London and South East Middle Markets Tax Practice. Since leaving PwC, Mr Staples has joined the boards of several listed companies as a non-executive director. He was, until recently, chairman of MedicX Fund Limited and chairman of the audit committee of Henderson Far East Income Limited. He is currently a director of NB Global Floating Rate Income Fund Limited and Baker Steel Resources Trust Limited, both of which are listed on the London Stock Exchange. His other appointments include directorships of the general partners of six private equity funds advised by Apax Partners. Mr Staples was appointed to the Board on 2 March 2018.

Report of the Directors

The Directors of the Company present the audited Financial Statements and their report for the year ended 30 June 2019 which have been prepared in accordance with the Companies (Guernsey) Law, 2008 ('the Company Law').

Registration

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.

Principal activity and investment objective

The Company is a Guernsey authorised closed-ended investment company with a premium listing on the London Stock Exchange (LSE). The principal objective of the Company is detailed in the Business Model and Strategy on page 10 of the Financial Statements.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Factors regarding the going concern basis are also discussed in the Long Term Viability Statement on page 14 and note 2(c) on page 62.

Blocklisting facility

The blocklisting facility is set out in note 13 on page 75.

Purchase of own shares by the Company

The Company may purchase, subject to various terms as set out in its Articles and in accordance with the Companies (Guernsey) Law, 2008, up to 14.99%. of the Company's shares in issue following the admission of shares trading on the LSE's market for listed securities. For additional information refer to note 20 on page 95.

The Company did not buy back any shares during the year (30 June 2018 – Nil).

The Board also has the discretion to operate the Redemption Facility, offering shareholders the possibility of redeeming all or part of their shareholding for cash at NAV, if it appears appropriate to do so.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 59. Details of dividends paid and proposed are set out in note 5 on page 70.

Subsequent events

Events occurring after the balance sheet date are disclosed in note 21 on page 96 in the Financial Statements.

Shareholder information

The Company announces its unaudited NAV on a weekly basis and at the month end. A monthly report on investment performance is published by the Company's Investment Manager, on the Investment Manager's website, ruffer.co.uk.

Investment management

The key terms of the Investment Management Agreement and specifically the fee charged by the Investment Manager are set out in notes 8 and 16 of the Financial Statements. The Board and its Management Engagement Committee continue to engage with the Investment Manager regarding the appropriate level of its fee.

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective of realising a positive total annual return, after all expenses, of at least twice the return of the Bank of England Bank Rate.

In accordance with Listing Rule 15.6.2 (2) R and having formally appraised the performance, investment strategy and resources of the Investment Manager, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

The Investment Management Agreement will continue in force until terminated by the Investment Manager or the Company giving to the other party thereto not less than 12 months' notice in writing.

Directors

The details of the Directors of the Company during the year and at the date of this report are set out on page 24 and on the Management and Administration summary on page 104.

Directors' interests

The details of the number of redeemable participating preference shares held beneficially by the Directors who held office at 30 June 2019 and up to the date of this report are set out on in note 16 on page 78.

Substantial share interests

As at 30 June 2019*, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued shares.

Investor	Shares held	% of issued share capital
Brewin Dolphin, stockbrokers	16,122,881	8.92
Alliance Trust Savings	9,982,958	5.52
Hargreaves Lansdown, stockbrokers	8,884,929	4.91
Tilney	8,407,797	4.65
Ruffer	7,138,534	3.95
Charles Stanley	6,940,549	3.84
1607 Capital Partners	6,529,441	3.61
Rathbones	6,020,439	3.33
Rossie House Investment Management	5,787,422	3.20
BMO Global Asset Management	5,481,224	3.03

* Data is taken from the latest available Share Register Analysis produced by Richard Davies Investor Relations Limited.

International tax reporting

For purposes of the US Foreign Accounts Tax Compliance Act (FATCA), the Company registered with the US Internal Revenue Service (IRS) as a Guernsey reporting Foreign Financial Institution (FFI) in June 2014, received a Global Intermediary Identification Number (99DLPF.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard (CRS) is a standard developed by the Organisation for Economic Co-operation and Development (OECD) and is a global approach to the automatic exchange of tax information. Guernsey has now adopted the CRS which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve tax compliance that had previously applied in respect of 2014 and 2015.

The Board confirms that the Company's FATCA and CRS submissions for 2018 were submitted by the deadline of 30 June 2019.

The Company is committed to zero tolerance towards the facilitation of tax evasion.

Alternative Investment Fund Managers Directive

The Company is categorised as a non-EU Alternative Investment Fund (AIF). The AIFMD seeks to regulate managers of AIFs, such as the Company. It imposes obligations on AIFMs who manage AIFs in a member state of the European Economic Area (EEA state), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an AIFM must be appointed and must comply with various organisational, operational and transparency requirements.

The Company has appointed the Investment Manager to act as AIFM on behalf of the Company. The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements.

Disclosure of information to the independent auditor

Each of the persons who is a Director at the date of approval of the Financial Statements confirms that –

1. so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and
2. each Director has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable Guernsey law and regulations.

Guernsey company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, International Accounting Standard 1 requires that directors –

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable, relevant and reliable
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- use the going concern basis of accounting, unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with Company Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge –

– the Financial Statements have been prepared in conformity with IFRS as issued by the IASB and adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.1.12

– the Annual Financial Report, taken as a whole, is fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy and

– the Annual Financial Report including information detailed in the Chairman's Review, the Report of the Directors, the Investment Manager's Review, the Depositary Statement and the notes to the Financial Statements, includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces, as required by –

  a DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company and

  b DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

On behalf of the Board

Ashe Windham
Chairman
19 September 2019

David Staples
Director
19 September 2019

Corporate governance statement

Corporate governance

On 1 January 2016, the Company became a member of the Association of Investment Companies (AIC) and complies with the AIC Code of Corporate Governance ('the AIC Code'). By complying with the AIC Code, the Company is deemed to comply with both the UK and GFSC corporate governance codes.

To ensure ongoing compliance with these principles the Board receives a report from the Company Secretary on an annual basis identifying how the Company is in compliance and identifying any changes that might be necessary.

The AIC Code is available in the AIC's website, theaic.co.uk.

The Board, having reviewed the AIC Code, considers that it has maintained procedures during the year ended 30 June 2019 and up to the date of this report to ensure that it complies with the AIC Code except as explained elsewhere in the Corporate Governance Statement. The Board acknowledges the publication of the 2019 AIC Code, which comes into effect for accounting periods commencing on or after 1 January 2019.

Guernsey regulatory environment

The Guernsey Financial Services Commission's ('the Commission') Finance Sector GFSC Code comprises Principles and Guidance, and provides a formal expression of good corporate practice against which Shareholders, boards and the Commission can better assess the governance exercised over companies in Guernsey's finance sector. The Commission recognises that the different nature, scale and complexity of business will lead to differing approaches to meeting the GFSC Code.

Role of the Board

The Board is the Company's governing body and has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows –

- statutory obligations and public disclosure
- strategic matters and financial reporting
- risk assessment and management including reporting compliance, governance, monitoring and control and
- other matters having a material effect on the Company.

The Board's responsibilities for the Annual Report are set out in the Statement of Directors' Responsibilities on pages 30 and 31.

The Board has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of accounting and company secretarial services.

The Board needs to ensure that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Financial Statements the Board has sought to provide further information to give Shareholders a fair, balanced and understandable view.

Composition and independence of the Board

The Board currently comprises five non-executive Directors. The Directors of the Company are listed on page 24 and in the Management and Administration summary on page 104.

None of the Directors has a contract of service with the Company.

The Chairman is Ashe Windham. The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Ashe Windham is considered independent because he –

- has no current or historical employment with the Investment Manager and
- has no current directorships in any other investment funds managed by the Investment Manager.

The Board does not consider it appropriate to appoint a Senior Independent Director because the Board is deemed to be independent of the Company. The Company has no employees and therefore there is no requirement for a chief executive. The Board believes it has a good balance of skills and experience to ensure it operates effectively. The Chairman, Ashe Windham, is responsible for leadership of the Board and ensuring its effectiveness.

The Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Documented contractual arrangements are in place with these companies which define the areas where the Board has delegated responsibility to them. For additional information refer to pages 102 and 103.

The Company holds a minimum of four Board meetings per year to discuss strategy, general management, structure, finance, dividend payments, capital management, corporate governance, marketing, risk management, compliance and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board, enabling it to determine policy and to monitor performance, compliance and controls but these meetings are supplemented by communication and discussions throughout the year.

Representatives of the Investment Manager, Administrator and Company Secretary attend each Board meeting either in person or by telephone thus enabling the Board to fully discuss and review the Company's operations and performance. In addition, representatives from the Company's Broker attend at least two Board meetings a year. Each Director has direct access to the Investment Manager and Company Secretary and may at the expense of the Company seek independent professional advice on any matter.

Attendance at the Board and other meetings during the year was as follows –

	Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings	
	Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
Ashe Windham	4	4	3	3	1	1
John V Baldwin	4	4	3	3	1	1
Christopher Russell	4	4	3	3	1	1
Jill May	4	4	3	3	1	1
David Staples	4	4	3	3	1	1

Note: Relates to all meetings scheduled during each Director's term of office.

In addition to the above meetings, a number of ad-hoc meetings were held throughout the year.

Directors' indemnity

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Re-election

The Company's Articles prescribe that, at each AGM, one-third of the Directors shall retire from office and may offer themselves for re-election. However, in line with best practice, the Board has determined that all of the Directors should stand for re-election at each AGM.

On 4 December 2018 at the 13th AGM of the Company, Ashe Windham, John V Baldwin, Jill May and Christopher Russell retired as Directors of the Company and, being eligible, had offered themselves for re-election, and were re-elected as Directors of the Company by the Shareholders. At the same meeting, the appointment of David Staples on 2 March 2018 was approved by shareholders.

The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for re-election at, the next general meeting following their appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if it is an AGM.

Board evaluation and succession planning

On an annual basis, the Directors consider how the Board functions as a whole taking balance of skills, experience and length of service into consideration and also reviews the individual performance of its members.

To enable this evaluation to take place, the Company Secretary circulates a detailed questionnaire plus a separate questionnaire for the evaluation of the Chairman. The questionnaires, once completed, are returned to the Company Secretary who collates responses, prepares a summary and discusses the Board evaluation with the Chairman prior to circulation to the remaining Board members. The performance of the Chairman is evaluated by the other Directors. On occasions, the Board may seek to employ an independent third party to conduct a review of the Board.

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme is in place for all Director appointees.

The Board is continually considering succession planning, as noted in the Chairman's Statement on page 6.

Board diversity

The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. The Board supports the widening of its diversity, whilst ensuring the capabilities, experience and background of each member remain appropriate to the Company and continue to contribute to overall Board effectiveness.

Committees of the Board

The Board has established Audit and Risk and Management Engagement Committees and approved their terms of reference, copies of which can be obtained from the Company Secretary upon request and on the Company's website.

Audit and Risk Committee

The Company has established an Audit and Risk Committee, with formally delegated duties and responsibilities within written terms of reference. The Committee is comprised of the entire Board and has been chaired by David Staples since 1 July 2018. The Committee meets formally at least three times a year and each meeting is attended by the independent external auditor and Administrator.

The table on page 34 sets out the number of Committee Meetings held during the year ended 30 June 2019 and the number of such meetings attended by each Committee member.

A report of the Committee detailing responsibilities and activities is presented on pages 42 to 46.

Management Engagement Committee

The Company has established a Management Engagement Committee, with formally delegated duties and responsibilities within written terms of reference. The Committee is comprised of the entire Board, with John V Baldwin appointed as Chairman. The Committee meets regularly in June each year and holds ad hoc meetings to address arising issues such as service provider tenders (see below).

The principal duties of the Committee are to review the performance of and contractual arrangements with the Investment Manager and all other service providers to the Company (other than the external auditor).

During the year the Committee has reviewed the services provided by the Investment Manager and other service providers. At its meeting on 18 August 2018, the Committee recommended putting out the administration of the Company to tender, a recommendation that was accepted by the Board on 11 September 2018. As a result of the tender process, the Committee further recommended to the Board that the Company terminate the engagement of Northern Trust International Fund Services (Guernsey) Limited as Company Secretary and Administrator in favour of Praxis Fund Services Limited (Praxis). Praxis was subsequently appointed as Company Secretary and Administrator with effect from 1 April 2019. Other than this change, the Committee recommended that the continuing appointments of the Company's other service providers, including Northern Trust in their roles as Custodian and Depositary, was in the best interests of the Company. The last meeting was held on 26 June 2019.

Nomination Committee

The Board does not have a separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Any proposals for a new Director are discussed and approved by the Board. The Board will determine whether in future an external search consultancy or open advertising is used in the appointments of non-executive Directors.

Remuneration Committee

In view of its non-executive and independent nature, the Board considers that it is not appropriate to have a Remuneration Committee as anticipated by the UK Code because this function is carried out as part of the regular Board business. A Remuneration Report prepared by the Board is on pages 40 to 41.

Internal control

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit and Risk Committee at its meetings and annually by the Board.

The Board is responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board uses a formal risk assessment matrix to identify and monitor business risks.

The Board has contractually delegated to external parties various functions as listed below. The duties of investment management, administration and custody are segregated. Each of the contracts entered into with the parties was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation as far as they relate to the affairs of the Company.

The Board considers on an ongoing basis the process for identifying, evaluating and managing any significant risks faced by the Company. The process includes reviewing reports from the Company Secretary on risk control and compliance, in conjunction with the Investment Manager's regular reports which cover investment performance.

Investment and portfolio risk management is provided by Ruffer AIFM Limited, a company authorised by the FCA.

Administration, accounting, registrar, and company secretarial duties are performed by Praxis Fund Services Limited (prior to 1 April 2019: Northern Trust International Fund Administration

Services (Guernsey) Limited), a company licensed and regulated by the Guernsey Financial Services Commission.

CREST agency functions are performed by Computershare Investor Services (Jersey) Limited, a company licensed and regulated by the Jersey Financial Services Commission.

Depositary services performed by Northern Trust (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

Custodial services are provided by Northern Trust (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

Sponsorship and brokering services are provided by Investec Bank plc (Investec), a firm which is authorised and regulated by the FCA. Investec took over as sponsor and broker to the Company from Canaccord Genuity (Canaccord) following the move of Canaccord's investment companies team to Investec on 22 June 2019. The Board reviews regularly the performance of the services provided by these companies. The Board reviews the performance of the Investment Manager annually by assessing the performance of the investments, and the Investment Manager's position against its peers. The Board also conducts an annual visit to the offices of the Investment Manager to meet with senior people in the firm and to review its internal control procedures, the last such visit occurring on 25 June 2019. The Board receives and reviews quarterly reports from the Investment Manager, Alternative Investment Manager and Administrator. The Board also receives confirmation from the Administrator of its capability under its ISAE 3402 Type II audit report.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager and Administrator which have their own internal audit and risk assessment functions. As such, an internal audit function specific to the Company is therefore considered unnecessary, as explained on page 46.

Principal risks and uncertainties

Principal risks and uncertainties are disclosed on page 13. There have been no changes to principal risks during the year ended 30 June 2019.

Relations with shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of its shareholders from the Company's Corporate Broker and Investment Manager.

The Chairman and other Directors are available to meet shareholders if required and the AGM of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company.

In recent years the Board has also held a meeting in London with major investors to discuss any issues they may have.

In addition, the Investment Manager maintains a website which contains comprehensive information, including financial reports, prospectus and monthly reports on investment performance which contains share price information, investment objectives, investment reports and investor contacts.

Anti-bribery and corruption

The Board acknowledge that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board had conducted an assessment of the perceived risks to the Company arising from bribery and corruption to identify aspects of business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Criminal Finances Act

The Board has a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion and will not work with any service provider who does not demonstrate the same commitment. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own staff or any associated persons.

UK Modern Slavery Act

The Board acknowledges the requirement to provide information about human rights in accordance with the UK Modern Slavery Act. The Board conducts the business of the Company ethically and with integrity, and has a zero tolerance policy towards modern slavery in all its forms. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no further disclosures to be made in respect of employees and human rights.

Directors' remuneration report

Introduction

An ordinary resolution for the approval of the annual remuneration report was passed by shareholders at the AGM held on 4 December 2018.

Remuneration policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairs of the Board and the Audit and Risk Committee are paid a higher fee in recognition of their additional responsibilities. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire or cease to be a director in accordance with the Articles of Incorporation or by operation of law.

Remuneration

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.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. The annual fees payable to each Director as at 30 June 2019 and 30 June 2018 are shown below –

	30 Jun 19	30 Jun 18
	£	£
Ashe Windham	40,500	39,500
John Baldwin	28,750	28,000
Christopher Russell	28,750	28,000
Jill May	28,750	28,000
David Staples	33,000	32,000
	159,750	155,500

During the year ended 30 June 2019, Directors' fees of £159,167 (30 June 2018 – £149,417) were charged to the Company of which £nil remained payable at the year end (30 June 2018 – £nil). Included in this charge was an amount of £4,000 paid to John Baldwin as Chairman of the Management Engagement Committee in respect of additional work performed in relation to the change of Administrator. No other additional remuneration has been paid to Directors outside their normal fees and expenses.

Audit and Risk Committee report

On the following pages, we present the Audit and Risk Committee's report for the year ended 30 June 2019, setting out the responsibilities of the Committee and its key activities for the year from 1 July 2018 to 30 June 2019. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the external auditor and the internal control and risk management systems of service providers. In order to assist the Committee in discharging these responsibilities, regular reports are received from the Investment Manager, Administrator and external auditor.

Members of the Committee will continue to be available at each AGM to respond to any shareholder questions on its activities and reports.

Responsibilities

The Committee reviews and recommends to the Board the Financial Statements of the Company and is the forum through which the external auditor reports to the Board of Directors.

The role of the Committee includes –

- monitoring and reporting to the Board on such matters as the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, and any significant financial reporting judgements
- considering the appropriateness of accounting policies and practices including critical estimates and judgement areas
- reviewing and considering the AIC Code, the UK Code and FRC Guidance on Audit Committees
- monitoring and reviewing the quality, effectiveness and independence of the external auditor and the effectiveness of the audit process considering and making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the Company's external auditor
- reviewing the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption and
- monitoring and reviewing the internal control and risk management systems of the service providers and
- considering the need for an internal audit function.

The Committee's full terms of reference are available on the Investment Manager's website, ruffer.co.uk.

Key activities of the Committee

The following sections discuss the assessments made by the Committee during the year.

Financial reporting

The Committee's review of the Unaudited Half Yearly Financial Report, Unaudited Results Announcement and Annual Report and audited Financial Statements focused on the significant risk relating to the valuation and ownership of investments. The investments comprise the majority of the Company's NAV and hence form part of the Key Performance Indicator (KPI) NAV per share. Hence any significant error in valuation or overstatement of holdings could significantly impact the NAV and hence the reported NAV per share of the Company.

Valuation of investments

The Company's investments had a fair value of £390,217,885 as at 30 June 2019 (30 June 2018 – £358,668,270) and represented the majority of the net assets of the Company. The investments are predominantly listed except for investments in unlisted investment funds.

The valuation of investments is in accordance with the requirements of IFRS. The Committee considered the fair value of the investments held by the Company as at 30 June 2019 to be reasonable based on information provided by the Investment Manager and Administrator. All prices are confirmed to independent pricing sources as at 30 June 2019 by the Administrator and are subject to review process at the Administrator and oversight at the Investment Manager. We also note the work of the independent auditor on these balances as set out in their report on pages 49 to 57.

Ownership of investments

The Company's investment holdings are reconciled to independent reports from the Custodian by the Administrator with any discrepancies being fully investigated and reconciled by the Administrator. The Committee satisfied itself, based on reviews of information provided by the Custodian, Depositary, Administrator, and independent auditor that the holdings of investments are correctly recorded.

Dividend income and realised and unrealised gains and losses on investments

The Committee discussed with the independent auditor the risk that these items may be materially mis-stated and which may therefore impact the reporting of the performance of the Company in any accounting period. The Committee is satisfied that the controls around the recording and calculations for these items are sufficiently robust to satisfactorily mitigate this risk, and as such, we do not consider the recording of revenue to be a significant matter. We also note that the independent auditor did not consider the recording of revenue to be a key audit matter and as such, this is not included in their report.

Risk management

The Committee considered the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Committee. Regular reports are received from the Investment Manager and Administrator on the Company's risk evaluation process and reviews. Refer to the Business Model and Strategy on pages 13 to 14 for details on principal risks and uncertainties and their management. Financial risks faced by the Company are discussed in note 19 of the Financial Statements on pages 81 to 93.

The Company's AIFM, Ruffer AIFM Limited has responsibilities in law in relation to risk management under the AIFMD.

Fraud, bribery and corruption

The Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud, bribery or corruption.

The external auditor

In March 2015 the Board entered into a competitive audit tender process and Deloitte LLP was appointed as the Company's auditor.

Independence, objectivity and fees

The independence and objectivity of the external auditor is reviewed by the Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services. The Committee has established pre-approval policies and procedures for the engagement of Deloitte LLP to provide audit, assurance and tax services. These are that the external auditor may not provide a service which –

- places them in a position to audit their own work
- creates a mutuality of interest
- results in the external auditor developing close relationships with service providers of the Company
- results in the external auditor functioning as a manager or employee of the Company or
- puts the external auditor in the role of advocate of the Company.

As a general rule, the Company does not utilise the external auditor for internal audit purposes, secondments or valuation advice. Services such as tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure advice are normally permitted but must be pre-approved where individual fees are likely to be above the audit fees.

The following table summarises the remuneration paid to the auditor for audit and non-audit services during the years ended 30 June 2019 and 2018 –

	30 Jun 19 £	30 Jun 18 £
Statutory audit*	36,625	32,500
Total audit fees	36,625	32,500
Interim review	8,400	8,400
Total non-audit related fees	8,400	8,400

* The Company's 2019 audit fee includes a one-off fee of £2,500 in relation to the audit of the transition of the administration of the Company from Northern Trust International Fund Administration Services (Guernsey) Limited to Praxis Fund Services Limited.

No tax services were provided during the year.

Deloitte LLP also has safeguards in place to ensure objectivity and independence.

When considering the effectiveness and independence of the external auditor, and the effectiveness of the audit process, the Committee meets regularly with the external auditors to discuss the audit plan and the scope of the audit. The Committee also takes account of factors such as –

- the audit plan presented to them before each audit
- the post audit report including variations from the original plan
- changes in audit personnel
- the external auditor's own internal procedures to identify threats to independence and
- feedback from both the Investment Manager and Administrator evaluating the performance of the team.

The Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to non-audit fees, and is satisfied that an effective audit has been completed with diligence and professional scepticism, that the scope of the audit was appropriate and significant judgements have been challenged robustly. It also considers Deloitte LLP, as external auditor, to be independent of the Company.

Re-appointment of the external auditor

At the AGM held on 4 December 2018, Deloitte LLP was re-appointed as the Company's external auditor.

Internal control and risk management systems

The Committee discussed with the external auditor the risk of misstatement in the Financial Statements arising from the potential for the Company's key service providers, the Investment Manager and Administrator, to override controls.

At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary and Investment Manager. The Board also receives confirmation from the Administrator of its capability under its ISAE 3402 Type II audit report. No significant failings or weaknesses were identified in these reports and the independent auditor also reported that their testing revealed no instances where management had overridden controls.

The Committee has also reviewed the need for an internal audit function. The Committee is satisfied that the systems and procedures employed by the Investment Manager and the Administrator, including their internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

For any questions on the activities of the Committee not addressed in the foregoing, members of the Committee will attend each AGM to respond to such questions.

In finalising the Financial Statements for recommendation to the Board for approval, the Committee has satisfied itself that the Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

David Staples

Chairman, Audit and Risk Committee

19 September 2019

Report of the depositary to the shareholders of Ruffer Investment Company Limited

Northern Trust (Guernsey) Limited has been appointed as Depositary to Ruffer Investment Company Limited ('the Company') in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 ('the AIFM Directive').

We have enquired into the conduct of Ruffer AIFM Limited (AIFM) and the Company for the year ended 30 June 2019, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively 'the AIFMD legislation') and the Authorised Closed-ended Investment Schemes Rules 2008.

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM and the Company to comply with these provisions. If the AIFM, the Company or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates are or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depositary will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depositary and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of Shareholders.

Basis of depositary review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of Fund, the assets in which a Fund invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Company has been managed during the period, in all material respects –

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents; and by the AIFMD legislation and
- otherwise in accordance with the provisions of the constitutional documents; and the AIFMD legislation.

For and on behalf of

Northern Trust (Guernsey) Limited

19 September 2019

Independent auditor's report to the Members of Ruffer Investment Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ruffer Investment Company Limited ('the Company') –

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise –

- the Statement of Financial Position
- the Statement of Comprehensive Income
- the Statement of Changes in Equity
- the Statement of Cash Flows and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter we identified in the current year is in relation to the valuation and ownership of investments. After due consideration to the segregation of duties among the Company's service providers, our cumulative understanding of the historical composition of the investment portfolio and related controls at the administrators, we no longer include the recognition of revenue as a key audit matter.
Materiality	The materiality that we used in the current year was £4,100,000 which was determined on the basis of 1% of Net Asset Value (NAV).
Scoping	The Company was audited as a single component. Balances were scoped in for testing based on our assessment of risk of material misstatement. As part of our risk assessment process, we considered the impact of controls implemented at service organisations.
Significant changes in our approach	There has been no significant changes in our approach from prior year except for – – the reduction in the percentage used in our determination of materiality which was made considering the nature of the investments and the available pricing data; and – removal of the recognition of revenue from key audit matters.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in note 2(c) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to –

- the disclosures on page 13 that describe the principal risks and explain how they are being managed or mitigated
- the directors' confirmation on page 13 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity or
- the directors' explanation on page 14 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and ownership of investments

Key audit matter description

Included on the Company's statement of financial position as at 30 June 2019 are investments with a fair value of £390 million (2018 – £359 million) as disclosed in Note 10 to the Financial Statements. The Company's portfolio is made up of listed equity investments, index linked bonds and investment funds. Investments are the most quantitatively significant balance and are an area of focus because they are the main driver of the Company's performance and net asset value (NAV). As explained in Note 2(e), the Company's accounting policy is to measure its investments at fair value. Refer to considerations made by the audit committee on valuation of investments as discussed on page 43.

The risk exists that –

- there might be errors or fraudulent manipulation of valuations in order to report favourable key performance indicators
- inappropriate exchange rates are used to convert foreign currency valuations to the Company's reporting currency
- trades made immediately before the year-end may be excluded from the valuation or conversely, trades made immediately after the year-end may be included in the valuation in error; and the Company may not have proper legal title to the investments held.

How the scope of our audit responded to the key audit matter

To test the valuation and ownership of investments as at 30 June 2019, we performed the following procedures –

- obtained an understanding of the relevant controls in order to evaluate the design, implementation and operating effectiveness of controls around the valuation and ownership of investments through the review of internal controls reports for the investment manager and administrator
- agreed investments held as at year end to independently obtained custodian confirmation
- testing the reasonableness of exchange rates used in converting investments denominated in currencies other than the pound sterling (GBP) by comparing rates used to independent sources
- performing detailed testing on purchases and sales made around year end to assess whether transactions had been recorded in the correct period
- performing detailed testing on purchases and sales made during the year to assess the accuracy of investment purchases and sales transactions and
- tracing the unit prices of all investments to independent pricing sources.

Key observations

Having carried out the procedures, we conclude that investments are appropriately valued based on appropriate unit prices.

Investments denominated in currencies other that pound sterling (GBP) have been converted to GBP at appropriate exchange rates.

We also conclude that the Company had proper legal title to investments recorded and that investment transactions have been accounted for in the correct accounting period.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows –

Materiality

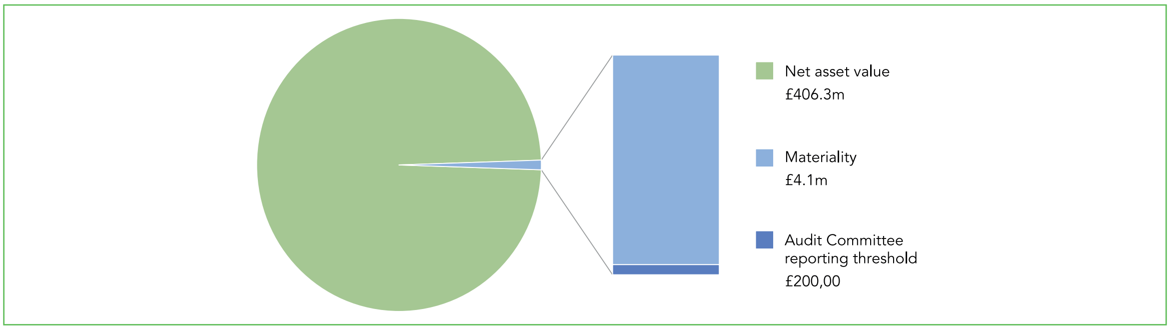
£4,100,000 (30 June 2018 – £8,126,000)

Basis for determining materiality

1% (30 June 2018 – 2%) of Net Asset Value

Rationale for the benchmark applied

Our materiality is based on the net asset value of the Company as comprehensive income for the Company is significantly driven by the net asset value. We consider the net asset value to be the most important balance on which the shareholders would judge the performance of the Company. The reduction in the percentage used in our determination of materiality was made after considering the nature of the investments, and the available pricing data.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £200,000 (2018 – £406,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Company is administered by a third party Guernsey regulated service provider. As part of our audit, we assessed the design and implementation of relevant controls established at the service provider.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that –

- fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit or
- audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion –

- we have not received all the information and explanations we require for our audit or
- proper accounting records have not been kept or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Clacy FCA
for and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

19 September 2019

Statement of financial position as at 30 June 2019

	Notes	30 Jun 19 £	30 Jun 18 £
Assets			
Non-current assets			
Investments at fair value through profit or loss	10	390,217,885	358,668,270
Current assets			
Cash and cash equivalents		19,375,840	47,636,234
Derivative financial assets	18, 19	–	5,516
Trade and other receivables	11	556,885	3,306,598
Total current assets		19,932,725	50,948,348
Total assets		410,150,610	409,616,618
Liabilities			
Current liabilities			
Trade and other payables	12	3,543,576	1,545,700
Derivative financial liabilities	18, 19	332,037	1,762,915
Total liabilities		3,875,613	3,308,615
Net assets		406,274,997	406,308,003
Equity			
Capital and reserves attributable to the Company's shareholders			
Share premium		186,459,986	178,294,916
Capital reserve		121,407,708	130,253,655
Retained earnings		98,407,303	97,759,432
Total equity		406,274,997	406,308,003
Net assets attributable to holders of redeemable participating preference shares (per share)	14	2.2472	2.2930

The Financial Statements on pages 58 to 96 were approved on 19 September 2019 and signed on behalf of the Board of Directors by –

Ashe Windham
Chairman

David Staples
Director

The notes on pages 62 to 96 form an integral part of these Financial Statements.

Statement of comprehensive income for the year ended 30 June 2019

	Notes	Revenue £	Capital £	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Fixed interest income		919,769	–	919,769	700,373
Dividend income		4,307,711	–	4,307,711	3,906,070
Net changes in fair value of financial assets at fair value through profit or loss	6	–	942,607	942,607	2,541,037
Other (losses)/gains	7	–	(6,059,154)	(6,059,154)	1,832,367
Total income/(loss)		5,227,480	(5,116,547)	110,933	8,979,847
Management fees	8	–	(3,729,400)	(3,729,400)	(3,623,672)
Expenses	9	(818,427)	–	(818,427)	(1,156,569)
Total expenses		(818,427)	(3,729,400)	(4,547,827)	(4,780,241)
(Loss)/profit for the year before tax		4,409,053	(8,845,947)	(4,436,894)	4,199,606
Withholding tax		(521,391)	–	(521,391)	(467,868)
(Loss)/profit for the year after tax		3,887,662	(8,845,947)	(4,958,285)	3,731,738
Total comprehensive (loss)/income for the year		3,887,662	(8,845,947)	(4,958,285)	3,731,738
Basic and diluted (loss)/earnings per share		2.16p	(4.92)p	(2.76)p	2.18p

The revenue and capital return columns are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations.

Basic and diluted earnings per share are calculated by dividing the profit after taxation by the weighted average number of redeemable participating preference shares in issue during the year. The weighted average number of shares for the year was 179,912,115 (30 June 2018 – 171,004,924). As there are no items which would cause a dilution to occur, the basic and diluted earnings per share are the same.

The notes on pages 62 to 96 form an integral part of these Financial Statements.

Statement of changes in equity for the year ended 30 June 2019

	Notes	Share capital £	Capital reserve £	Revenue reserves £	Total year ended 30 Jun 19 £
Balance at 30 June 2018		178,294,916	130,253,655	97,759,432	406,308,003
Total comprehensive (loss)/income for the year		–	(8,845,947)	3,887,662	(4,958,285)
Transactions with shareholders –					
Share capital issued	13	8,206,100	–	–	8,206,100
Share issue costs	13	(41,030)	–	–	(41,030)
Distributions during the year	5	–	–	(3,239,791)	(3,239,791)
Balance at 30 June 2019		186,459,986	121,407,708	98,407,303	406,274,997

	Notes	Share capital £	Capital reserve £	Revenue reserves £	Total year ended 30 Jun 18 £
Balance at 30 June 2017		148,250,891	129,648,122	97,702,693	375,601,706
Total comprehensive income for the year		–	605,533	3,126,205	3,731,738
Transactions with shareholders –					
Share capital issued	13	30,195,000	–	–	30,195,000
Share issue costs	13	(150,975)	–	–	(150,975)
Distributions during the year	5	–	–	(3,069,466)	(3,069,466)
Balance at 30 June 2018		178,294,916	130,253,655	97,759,432	406,308,003

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

The notes on pages 62 to 96 form an integral part of these Financial Statements.

Statement of cash flows for the year ended 30 June 2019

	Notes	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Cash flows from operating activities			
(Loss)/profit for the year after tax		(4,958,285)	3,731,738
Adjustments for –			
Net realised losses/(gains) on investments	6	13,990,713	(10,653,258)
Unrealised (gains)/losses on investments	6	(14,933,320)	8,112,221
Realised losses/(gains) on forward foreign exchange contracts	7	7,723,370	(2,867,141)
Unrealised (gains)/losses on forward foreign exchange contracts	7	(1,425,362)	848,588
Foreign exchange (gains)/losses on cash and cash equivalents		(238,854)	221,781
(Increase)/decrease in trade and other receivables		(101,201)	54,678
Increase in trade and other payables		311,476	12,792
		368,537	(538,601)
Net cash (paid)/received on closure of forward foreign exchange contracts	7	(7,723,370)	2,867,141
Purchases of investments		(294,076,370)	(148,415,907)
Sales of investments		267,774,842	138,432,975
Net cash used in operating activities		(33,656,361)	(7,654,392)
Cash flow from financing activities			
Dividends paid	5	(3,239,791)	(3,069,466)
Proceeds from issue of redeemable participating preference shares		8,439,100	30,784,850
Share issue costs		(42,196)	(153,923)
Net cash generated from financing activities		5,157,113	27,561,461
Net (decrease)/increase in cash and cash equivalents		(28,499,248)	19,907,069
Cash and cash equivalents at the beginning of the year		47,636,234	27,950,946
Foreign exchange gains/(losses) on cash and cash equivalents		238,854	(221,781)
Cash and cash equivalents at the end of the year		19,375,840	47,636,234

The notes on pages 62 to 96 form an integral part of these Financial Statements.

Notes to the Financial Statements
for the year ended 30 June 2019

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) and was admitted to the premium segment of the Official List of the UK Listing Authority on 20 December 2005.

2 Significant accounting policies

a Statement of compliance

The Financial Statements of the Company for the year ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Listing Rules of the London Stock Exchange in compliance with the Companies (Guernsey) Law, 2008.

b Basis of preparation

The Financial Statements are prepared in pound sterling (£), which is the Company's functional and presentation currency. The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

c Going concern

The Directors believe that, having considered the Company's investment objective (see Business Model and Strategy on page 10), financial risk management and associated risks (see note 19 to the Financial Statements on pages 81 to 93) 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 Financial Statements.

d New accounting standards and amendments effective and adopted

The following standards and interpretations have been adopted in these Financial Statements –

- IFRS 9 – 'Financial instruments: Classification and measurement' (effective for accounting periods commencing on or after 1 January 2018)
- IFRS 15 – 'Revenue from Contracts with Customers' (effective for accounting periods commencing on or after 1 January 2018) and
- IFRIC 22 – 'Foreign Currency Transactions and Advance Consideration' (effective for accounting periods commencing on or after 1 January 2018).

IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. There are three principal classification categories for financial assets which are (i) measured at amortised cost, (ii) fair value through other comprehensive income and (iii) fair value through profit or loss. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

The adoption of IFRS 9 has had no material impact on these Financial Statements, principally for the following reasons –

- the classification and measurement methodology for all of the Company's assets and liabilities has remained the same under IFRS 9 as under IAS 39
- the Company's investments are measured at fair value, and the performance of its portfolio of investments is assessed on a fair value basis, and so the changes in IFRS 9 relating to the assessment of credit losses and related disclosures do not apply to these instruments and
- the Company does not apply hedge accounting, and is therefore unaffected by the hedge accounting-related changes introduced in IFRS 9.

IFRS 15 was published in May 2016 and specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Material revenue streams have been reviewed and the Board's view is that there has been no material impact on the Company's financial statements, as the Company does not have any revenue from customer contracts.

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

In addition, the IASB completed its Annual Improvements 2014-2016 Cycle project in December 2016. This project has amended certain existing standards and interpretations effective for accounting periods commencing on or after 1 January 2018.

The adoption of IFRIC 22 and these amended standards has had no material impact on the Financial Statements of the Company.

Standards and amendments in issue but not yet effective

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

- IFRS 9 (amended) – 'Financial Instruments' (amendments effective for periods commencing on or after 1 January 2019)
- IFRS 16 – 'Leases' (effective for accounting periods commencing on or after 1 January 2019)
- IFRS 17 – 'Insurance Contracts' (effective for accounting periods commencing on or after 1 January 2021).

The amendments to IFRS 9 were published in October 2017 and relate to prepayment features with negative compensation and modifications of financial liabilities.

IFRS 16 was published in January 2016 and specifies how to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

IFRS 17 was published in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts that fall within the scope of the standard.

In addition, the IASB published 'Definition of Material (Amendments to IAS 1 and IAS 8)' in October 2018. This project has amended IAS 1 and IAS 8 to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards, effective for accounting periods commencing on or after 1 January 2020.

It is anticipated that the adoption of these new and amended standards will have no material impact on the Financial Statements of the Company.

e Financial instruments

i Classification

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and financial assets at amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

ii Recognition

Investment assets at fair value through profit or loss ('investments')

Financial assets and derivatives are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment.

Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments and gains and losses on investments that are sold are recognised through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss.

Derivatives

Forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss on remeasurement to fair value is recognised immediately through profit or loss in the Statement of Comprehensive Income within other gains in the period in which they arise.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

iii Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses arising from changes in the fair value of financial assets/(liabilities) are shown as net gains or losses on financial assets through profit or loss (see note 10) and recognised in the Statement of Comprehensive Income in the period in which they arise.

Derecognition of financial instruments

A financial asset is derecognised when: (a) the rights to receive cash flows from the asset have expired, (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through arrangement'; or (c) the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Realised and unrealised gains and losses

Realised gains and losses arising on disposal of investments are calculated by reference to the proceeds received on disposal and the average cost attributable to those investments, and are recognised in the Statement of Comprehensive Income. Unrealised gains and losses on investments are recognised in the Statement of Comprehensive Income.

Fair value

Investments traded in active markets are valued at the latest available bid prices ruling at midnight on the reporting date. The Directors are of the opinion that the bid-market prices are the best estimate of fair value. Investments consist of listed or quoted equities or equity-related securities, options and bonds which are issued by corporate issuers, supra-nationals or government organisations, and investment in funds.

Shares in some investment funds are not listed on an actively traded exchange and these are valued on the reporting date at the latest estimate of NAV from the administrator of the respective investment funds as the most recent price is the best estimate of the amount for which holdings could have been disposed of at the reporting date.

f Income

Dividend income from equity investments is recognised when the relevant investment is quoted ex-dividend. Investment income is included gross of withholding tax. Interest income is recognised for all debt instruments using the effective interest rate method. Dividend, investment and interest income are recognised through profit or loss in the Statement of Comprehensive Income in revenue.

g Gains/(losses)

Realised and unrealised gains and losses arising on investments, forward foreign exchange contracts and on foreign exchange are recognised through profit or loss in the Statement of Comprehensive Income in capital.

h Expenses

Expenses are accounted for on an accruals basis and are recognised through profit or loss in the Statement of Comprehensive Income in either capital or revenue reserves. The Company's management fees are allocated between capital and revenue in a ratio determined by the Board at its sole discretion. Currently 100% of the management fees are charged to capital. All other expenses of the Company are recognised in revenue.

Transaction costs on the purchases of investments are capitalised to the cost of the investments, and transaction costs on the sales of investments are recognised in gains/(losses) on disposal of investments.

i Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

j Translation of foreign currency

Functional and presentation currency

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its 'functional currency'). The Directors have considered the currency in which the original capital was raised, distributions will be made and ultimately the currency in which capital would be returned in a liquidation. On balance, the Directors believe that pound sterling best represents the functional currency of the Company. For the purpose of the Financial Statements, the results and financial position of the Company are expressed in pound sterling, which is the presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and those from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary items such as financial assets held at fair value through profit or loss are reported as part of net changes in fair value on financial assets through profit or loss in the Statement of Comprehensive Income.

k Share issue costs

Share issue costs are fully written off against the share capital account in the period of the share issue.

l Redeemable participating preference shares

As the Company's redeemable participating preference shares are redeemable at the sole option of the Directors, they are required to be classified as equity instruments.

m Trade and other receivables

Trade and other receivables are amounts due in the ordinary course of business and are classified as current assets if collection is expected in one year or less. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

n Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value plus any directly attributable incremental costs of acquisition or issue and subsequently measured at amortised cost using the effective interest rate method.

3 Significant accounting judgements, estimates and assumptions

The preparation of the 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.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the Financial Statements –

Functional currency

As disclosed in note 2(j), the Company's functional currency is pound sterling. pound sterling is the currency in which the original capital was raised, distributions are made and ultimately the currency in which capital would be returned in a liquidation.

4 Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (30 June 2018 – £1,200).

The amounts disclosed as taxation in the Statement of Comprehensive Income relate solely to withholding tax suffered at source on income.

5 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 year –

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
2018 Second interim dividend of 0.9p (2017 – 0.9p)	1,612,696	1,511,671
2019 First interim dividend of 0.9p (2018 – 0.9p)	1,627,095	1,557,795
	3,239,791	3,069,466

6 Net changes in financial assets at fair value through profit or loss

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Net changes in financial assets at fair value through profit or loss during the year comprise –		
Gains realised on investments sold during the year	25,409,146	17,651,605
Losses realised on investments sold during the year	(39,399,859)	(6,998,347)
Net realised (losses)/gains on investments sold during the year	(13,990,713)	10,653,258
Movement in unrealised gains/(losses) arising from changes in fair value	14,933,320	(8,112,221)
Net changes in fair value on financial assets at fair value through profit or loss	942,607	2,541,037

7 Other (losses)/gains

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Movement in unrealised gains/(losses) on spot and forward foreign exchange currency contracts	1,425,362	(848,588)
Realised (losses)/gains on spot and forward foreign currency contracts	(7,723,370)	2,867,141
Other realised and unrealised foreign exchange gains/(losses)	238,854	(186,186)
	(6,059,154)	1,832,367

8 Management fees

The management fees were charged to the capital reserves of the Company. The management fees for the year, including outstanding balances at end of the year, are detailed below.

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Management fees for the year	3,729,400	3,623,672
Management fees payable at the end of the year	626,481	298,185

The basis for calculating the management fees is set out in the General Information on page 102.

9 Expenses

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Administration fee*	377,815	439,031
Directors' fees	159,167	149,417
Transaction fees	–	144,199
Custodian and Depositary fees*	79,909	75,129
Printing costs	32,482	57,857
Broker's fees	33,561	50,051
Audit fee	36,271	32,500
Auditor's remuneration for interim review	8,400	8,400
Registrar fees	26,493	27,058
General expenses	64,329	172,927
	818,427	1,156,569

*The basis for calculating the Administration fees, Custodian and Depositary fees are set out in the General Information on pages 102 to 103.

All expenses were charged to revenue apart from transaction costs of £144,199 in the prior year, which were charged to the capital reserves of the Company. With effect from 1 July 2018, as is more common in the industry, transaction costs on the purchases of investments have been capitalised to the cost of the investments, and transaction costs on the sales of investments have been recognised in gains/(losses) on disposal of investments.

Ongoing charges ratio

The ongoing charges ratio (OCR) of an investment company is the annual percentage reduction in shareholder returns as a result of recurring operational expenditure. Ongoing charges are classified as those expenses which are likely to recur in the foreseeable future, and which relate to the operation of the company, excluding investment transaction costs, financing charges and gains or losses on investments. The OCR is calculated as the total ongoing charges for a period divided by the average net asset value over that period.

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Management fee (see note 8)	3,729,400	3,623,672
Other expenses (see above)	818,427	1,156,569
	4,547,827	4,780,241
Non-recurring expenses	–	(144,199)
Total ongoing expenses	4,547,827	4,636,042
Average NAV	401,199,519	391,407,566
Ongoing charges ratio (using AIC methodology)	1.13%	1.18%

10 Investment assets at fair value through profit or loss

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Cost of investments at the start of the year	334,523,278	314,371,066
Acquisitions at cost during the year	295,763,936	148,733,129
Disposals during the year	(265,156,928)	(139,234,175)
(Losses)/gains on disposals during the year	(13,990,713)	10,653,258
Cost of investments held at the end of the year	351,139,573	334,523,278
Fair value above cost	39,078,312	24,144,992
Fair value of investments held at the end of the year	390,217,885	358,668,270

11 Trade and other receivables

	30 Jun 19 £	30 Jun 18 £
Amounts receivable within one year –		
Investment income receivable	79,771	196,881
Fixed interest income receivable	394,069	182,079
Amounts due on issue of redeemable participating preference shares	–	233,000
Sales of investments awaiting settlement	74,648	2,692,562
Prepayments	8,397	2,076
	556,885	3,306,598

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

12 Trade and other payables

	30 Jun 19 £	30 Jun 18 £
Amounts falling due within one year –		
Purchases of investments awaiting settlement	2,754,787	1,067,221
Share issue costs payable	–	1,165
Management fees payable	626,481	298,185
Withholding taxes payable	–	8,685
Other payables	162,308	170,444
	3,543,576	1,545,700

The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

13 Share capital

	30 Jun 19 £	30 Jun 18 £
Authorised share capital		
0 (2018 – 100) management shares of £1 each	–	100
Unlimited (2018 – 200,000,000) unclassified shares of 0.01p each	Unlimited	20,000
75,000,000 C shares of 0.1p each	75,000	75,000
	Unlimited	95,100

On 4 December 2018, a special resolution was passed to amend the Company's Memorandum and Articles of Association to redefine the Company's share capital as comprising 75,000,000 C shares of 0.1p each, and an unlimited number of unclassified shares of 0.01p each. As a result, the Company's authorised share capital was increased from £95,100 to unlimited and the management share class was abolished.

	Number of shares		Share capital	
	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Issued share capital				
Redeemable participating preference shares of 0.01p each –				
Balance at the start of the year	177,188,416	164,213,416	178,294,916	148,250,891
Issued and fully paid during the year	3,600,000	12,875,000	8,206,100	29,962,000
Issued and awaiting settlement	–	100,000	–	233,000
Share issue costs	–	–	(41,030)	(150,975)
Balance at the end of the year	180,788,416	177,188,416	186,459,986	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 are entitled to one vote at all meetings of the relevant class of shareholders.

Management shares

With effect from 4 December 2018, in accordance with the resolution passed at the Company's AGM to amend the Memorandum and Articles of Incorporation, the category of management shares was abolished. There were no Management Shares in issue at 30 June 2018.

C shares

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

Blocklisting and additional shares issued

At the start of the year, the Company had the ability to issue 9,921,341 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 year for a total consideration of £8,206,100 (30 June 2018 – £30,195,000), representing an average issue price of £2.2795 per share. These new redeemable participating preference shares rank pari passu with the existing shares in issue.

As at 30 June 2019, the Company had the ability to issue a further 6,321,341 (30 June 2018 – 9,921,341) redeemable participating preference shares under the blocklisting facility.

On 4 December 2018, a special resolution was passed that enables the Board to allot 17,973,841 equity securities, being 10% of the equity securities in issue at the latest practicable date prior to the 2018 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 30 June 2019, the Company had 180,788,416 (30 June 2018 – 177,188,416) redeemable participating preference shares of 0.01 pence each in issue. Therefore, the total voting rights in the Company at 30 June 2019 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 0.01 pence each, provided that –

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

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

c 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)

d 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

e 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

f 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.

14 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, not all 30 June prices may be available. Adjustments are made to the NAV in the Financial Statements once these prices become available. The following is a reconciliation of the NAV per share attributable to redeemable participating preference shareholders as presented in these Financial Statements to the NAV per share reported to the LSE –

	30 Jun 19		30 Jun 18	
	NAV £	NAV per share £	NAV £	NAV per share £
NAV published on the LSE as at the year end	406,745,803	2.2498	405,711,462	2.2897
Adjustments to valuations	(470,806)	(0.0026)	596,541	0.0033
Net assets attributable to holders of redeemable participating preference shares	406,274,997	2.2472	406,308,003	2.2930

15 Contingent liabilities

There were no contingent liabilities as at 30 June 2019 (30 June 2018 – £Nil).

16 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, and are therefore regarded as related parties.

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 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 97 to 101. Management fees for the year and payable at the end of the year are disclosed in note 8.

Shares held in Ruffer Management Limited (RML), the Managing Member of Ruffer LLP

As at 30 June 2019, an immediate family member of the Chairman Ashe Windham owned 100 (30 June 2018 – 100) Shares in RML, the Managing Member of Ruffer LLP, which is the parent entity of the Investment Manager of the Company. This amounts to less than 1% (30 June 2018 – less than 1%) of RML's issued share capital.

Directors' remuneration

Directors' remuneration is set out in the Directors' Remuneration Report on page 41 of the Financial Statements.

Shares held by related parties

As at 30 June 2019, Directors of the Company held the following numbers of shares beneficially –

	30 Jun 19 shares	30 Jun 18 shares
Ashe Windham*	105,000	105,000
Christopher Russell	50,000	50,000
David Staples	40,000	40,000
Jill May	11,000	11,000
John V Baldwin	–	–
	206,000	206,000

* Ashe Windham holds 80,000 shares and his wife holds 25,000 shares.

As at 30 June 2019, Hamish Baillie, Investment Director of the Investment Manager owned 205,000 (30 June 2018 – 205,000) shares in the Company.

As at 30 June 2019, Steve Russell, Investment Director of the Investment Manager owned 6,450 (30 June 2018 – 6,450) shares in the Company.

As at 30 June 2019, Duncan MacInnes, Investment Manager of the Investment Manager owned 28,800 (30 June 2018 – 21,800) shares in the Company. Subsequent to the year end, Mr MacInnes purchased a further 5,300 shares in the Company on 11 July 2019.

As at 30 June 2019, Jonathan Ruffer, chairman of Ruffer LLP (the parent entity of the Company's Investment Manager), owned 1,039,335 (30 June 2018 – 1,039,335) shares in the Company.

As at 30 June 2019, Ruffer LLP and other entities within the Ruffer Group held 6,775,074 (30 June 2018 – 6,775,074) shares in the Company on behalf of its discretionary clients.

Investments in related funds

As at 30 June 2019, the Company held investments in five (30 June 2018: five) related investment funds valued at £72,973,335 (30 June 2018 – £63,259,707). Refer to the Portfolio Statement on pages 97 to 101 for details.

17 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 year.

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.

18 Financial instruments

In accordance with its investment objectives and policies, the Company holds financial instruments which at any one time may comprise the following –

- securities held in accordance with the investment objectives and policies
- cash and short-term receivables and payables arising directly from operations
- derivative transactions including investment in forward foreign currency contracts and
- borrowing up to a maximum of 30% of the NAV of the Company.

Terms, conditions and accounting policies

The financial instruments held by the Company comprise principally 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.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 2. The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IFRS 9.

The following are the categories of financial instruments held by the Company at the reporting date –

	30 Jun 19 Fair value £	30 Jun 18 Fair value £
Financial assets		
Listed securities	356,244,075	328,052,732
Unlisted securities	1,593,750	1,593,750
UCITS funds	32,380,060	29,021,788
Derivative financial assets	–	5,516
Cash and cash equivalents	19,375,840	47,636,234
Trade and other receivables	548,488	3,304,522
	410,142,213	409,614,542
Financial liabilities		
Trade and other payables	3,538,454	1,545,700
Derivative financial liabilities	332,037	1,762,915
	3,870,491	3,308,615

19 Financial risk management and associated risks

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks, which have applied throughout the year and the Investment Manager's policies for managing them are summarised as follows –

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the market risks of changes in market prices, interest rates and foreign currency exchange rates.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of the financial instruments held by the Company. It represents the potential loss the Company may suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Placing and Offer for Subscription document mitigates the risk of excessive exposure to any particular type of security or issuer.

Market price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity, investment funds and bond price risks at the reporting date. The 20% reasonably possible price movement for equity-related securities and investment funds (30 June 2018: 10%) and a 100 basis point increase or a 25 basis point reduction for interest rates which affect the Company (30 June 2018: 100 basis point increase or 25 basis point reduction) are based on the Investment Manager's best estimates. The sensitivity rate for equity-related investments has been increased from 10% to 20%, as in the Investment Manager's view there is increased potential for volatility in equity markets in the coming year.

A 20% (30 June 2018: 10%) increase in the market prices of equity-related investments as at 30 June 2019 would have increased the net assets attributable to holders of redeemable participating preference shares by £46,353,077 (30 June 2018 – £23,208,626) and a 20% change in the opposite direction would have decreased the net assets attributable to holders of redeemable participating preference shares by an equal opposite amount.

A sensitivity analysis based on the interest rates of bond-related investments as at 30 June 2019 has been considered under Interest rate risk on page 87.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

Foreign currency risk

Foreign currency risk arises from fluctuations in the value of a foreign currency. It represents the potential loss the Company may suffer though holding foreign currency assets in the face of foreign exchange movements.

As a portion of the Company's investment portfolio is invested in securities denominated in currencies other than pound sterling (the functional and presentation currency of the Company), the Statement of Financial Position may be significantly affected by movements in the exchange rates of such currencies against pound sterling. The Investment Manager has the power to manage exposure to currency movements by using options, warrants and/or forward foreign currency contracts and details of the holdings of such instruments at the date of these Financial Statements is set out below and on the following page. In the event that the base currency weakens during the course of the contract, the contract will expire at a loss that will be offset by a corresponding gain in the underlying assets. The opposite would be true when the base currency strengthens during the course of the contract.

As at 30 June 2019, the Company had three (30 June 2018: six) open forward foreign currency contracts.

Forward foreign exchange contracts at 30 June 2019

Expiry date	Underlying	Notional amounts of contracts outstanding	Fair value (liabilities)/ assets £
13 Sep 2019	Foreign currency (sale of USD)	US$185,000,000	(216,885)
13 Sep 2019	Foreign currency (sale of USD)	US$14,130,000	(12,709)
13 Sep 2019	Foreign currency (sale of JPY)	¥2,000,000,000	(102,443)
			(332,037)

Forward foreign exchange contracts at 30 June 2018

Expiry date	Underlying	Notional amounts of contracts outstanding	Fair value (liabilities)/ assets £
14 Sep 2018	Foreign currency (sale of EUR)	€7,000,000	(28,362)
13 Jul 2018	Foreign currency (sale of USD)	US$54,000,000	(990,459)
17 Aug 2018	Foreign currency (sale of JPY)	¥5,200,000,000	(582,682)
17 Aug 2018	Foreign currency (sale of JPY)	¥1,000,000,000	(132,695)
4 Jul 2018	Foreign currency (sale of JPY)	¥39,645,164	2,166
			(1,732,032)
17 Aug 2018	Foreign currency (purchase of JPY)	¥600,000,000	(21,030)
			(1,753,062)

The Company's treatment of currency transactions other than in pound sterling is set out in note 2 to the Financial Statements under 'Translation of foreign currency.'

As at 30 June 2019 and 2018, the Company held the following assets and liabilities in currencies other than the functional currency.

	30 Jun 19 Assets £	30 Jun 19 Liabilities £	30 Jun 18 Assets £	30 Jun 18 Liabilities £
Canadian dollar	1,423,736	–	1,818,736	1,969
Euro	13,271,216	–	6,944,281	28,361
Hong Kong dollar	1,643,857	–	1,675,752	4,553
Yen	43,628,338	–	55,351,206	736,407
Norwegian krone	2,215,817	–	2,512,136	–
US dollar	157,440,161	2,754,787	98,018,616	992,622
Total	219,623,125	2,754,787	166,320,727	1,763,912

Foreign currency sensitivity

As at 30 June 2019, if the foreign exchange rates had weakened 10% (30 June 2018 – 10%) against pound sterling with all other variables held constant, net assets attributable to holders of redeemable participating preference shares would be £4,589,560 (30 June 2018 – £8,665,319) lower, net of open forward foreign currency contracts and due mainly as a result of foreign currency losses on translation of these financial assets and liabilities to pound sterling; and a 10% strengthening of the foreign exchange rates against pound sterling would have resulted in an equal but opposite effect on the net assets attributable to holders of redeemable participating preference shares. Any changes in the foreign exchange rate will directly affect the profit and loss, allocated to the capital column of the Statement of Comprehensive Income.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

As has been seen in previous years currencies can fluctuate by more or less than this indicative amount. The Investment Manager will incorporate this variable into risk analysis when managing the investments.

Interest rate risk

Interest rate risk represents the uncertainty of investment return due to changes in the market rates of interest.

The Company invests in fixed and floating rate securities. The income of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. Interest receivable on bank deposits or payable on the bank overdraft positions will be affected by fluctuations in interest rates.

The Investment Manager actively manages the Company's exposure to interest rate risk, paying heed to prevailing interest rates and economic conditions, market expectations and their own opinions of likely movements in interest rates. Currently the entire exposure of the Company to fixed interest securities is in the form of index-linked bonds. The value of these investments is determined by current and expected inflation and interest rates.

The value of fixed interest securities will be affected by general changes in interest rates that will in turn result in increases or decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise, and when interest rates rise, the value of those investments may decline.

The investment portfolio details the security type, issuer, interest rate, and maturity date of all of the Company's fixed and floating rate securities as at 30 June 2019.

The tables below summarise the Company's exposure to interest rate risks. It includes the Company's financial assets and liabilities at fair values, categorised by underlying interest rate type.

As at 30 June 2019

	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Financial assets				
Cash and cash equivalents	19,375,840	–	–	19,375,840
Investments at fair value through profit or loss	–	158,452,500	231,765,385	390,217,885
Trade and other receivables	–	–	556,885	556,885
	19,375,840	158,452,500	232,322,270	410,150,610
Derivative financial liabilities	–	–	332,037	332,037
Trade and other payables	–	–	3,543,576	3,543,576
	–	–	3,875,613	3,875,613

As at 30 June 2018

	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Financial assets				
Investments at fair value through profit or loss	–	141,612,417	217,055,853	358,668,270
Derivative financial assets	–	–	5,516	5,516
Cash and cash equivalents	47,636,234	–	–	47,636,234
Trade and other receivables	–	–	3,306,598	3,306,598
	47,636,234	141,612,417	220,367,967	409,616,618
Financial liabilities				
Derivative financial liabilities	–	–	1,762,915	1,762,915
Trade and other payables	–	–	1,545,700	1,545,700
	–	–	3,308,615	3,308,615

The table below summarises weighted average effective (real) interest rates for fixed rate financial instruments.

	30 Jun 19 %	Weighted average period for which rate/ yield is fixed (years)	30 Jun 18 %	Weighted average period for which rate/ yield is fixed (years)
UK government bonds	–1.9793	43.71	–1.8513	32.23
US government bonds	1.4677	0.99	0.2085	3.81
Japanese government bonds	–0.4180	7.69	–	–

Interest rate sensitivity analysis

An increase of 100 basis points (30 June 2018 – 100 basis points) in interest rates as at the reporting date would have decreased the net assets attributable to holders of redeemable participating preference shares by £26,029,883 (30 June 2018 – £24,049,421) and a decrease of 25 basis points (30 June 2018 – 25 basis points) in interest rates would have increased the net assets attributable to holders of redeemable participating preference shares by £6,507,471 (30 June 2018 – £6,012,355).

Key determinants of interest rates include economic growth prospects, inflation, governments' fiscal positions and rates on nominal bonds of similar maturities. This sensitivity analysis assumes only a 100 basis point increase and a 25 basis point decrease in interest rates, with all other variables unchanged. This would be the equivalent of a 100 basis point increase and 25 basis point decreases in 'real' interest rates and as such is likely to overstate the actual impact of such a move in nominal rates.

As most of the Company's fixed rate securities are index-linked bonds, their yields, and as a consequence their prices, are determined by market perception as to the appropriate level of yields given the economic background.

This analysis does not allow for the impact of investments held within Ruffer Protection Strategies which may reduce the sensitivity to changes in interest rates. See derivatives comment below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Failure of any relevant counterparty to perform its obligations in respect of these items may lead to a financial loss.

The Company is exposed to credit risk in respect of cash and cash equivalents and trade and other receivables. The credit risk associated with debtors is limited to the unrealised gains on open derivative contracts such as forward foreign currency contracts, as detailed above and trade and other receivables. It is the opinion of the Board of Directors that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Company will not invest in the securities of any company that is not quoted or does not have a listing on a market specified in the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 except for investments in investment funds and such other financial markets as may be specifically agreed from time to time between the Board and the Investment Manager.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

The Placing and Offer for Subscription document allows investment in a wide universe of equity related securities and bonds, including countries that may be classed as emerging or developing. In adhering to investment restrictions set out within the document, the Company mitigates the risk of any significant concentration of credit risk.

Credit risk analysis

The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below –

	30 Jun 19 £	30 Jun 18 £
Financial assets at fair value through profit or loss	390,217,885	358,668,618
Cash and cash equivalents	19,375,840	47,636,234
Derivative financial assets	–	5,516
Trade and other receivables	556,885	3,306,598
	410,150,610	409,616,618

The Company is exposed to material credit risk in respect of cash and cash equivalents. Substantially, all cash is placed with Northern Trust (Guernsey) Limited (NTGL).

NTGL is a wholly owned subsidiary of The Northern Trust Corporation (TNTC). TNTC is publicly traded and a constituent of the S&P 500. TNTC has a credit rating of A+ (30 June 2018 – A+) from Standard & Poor's and A2 (30 June 2018 – A2) from Moody's.

The Moody's credit ratings of the issuers of Bonds held by the Company as at 30 June 2019 were as follows –

	30 Jun 19	30 Jun 18
UK index-linked gilt 1.875% 22/11/2022	Aa2	Aa2
UK index-linked gilt 1.250% 22/11/2055	Aa2	Aa2
UK index-linked gilt 0.375% 22/03/2062	Aa2	Aa2
UK index-linked gilt 0.125% 22/03/2068	Aa2	Aa2
US Treasury Bond 1.375% 09/30/19	Aaa	–
US Treasury Bond 1.75% 30/11/19	Aaa	–
US Treasury Bond 2.000% 01/31/20	Aaa	–
US Treasury Bond 2.25% 03/31/20	Aaa	–
US Treasury Bond 0.125% 04/15/2020	Aaa	–
US Treasury Bond 2.50% 31/05/20	Aaa	–
US Treasury inflation indexed bond 1.25% 15/07/2020	Aaa	–
US Treasury inflation indexed bond 1.125% 15/01/2021	Aaa	Aaa
US Treasury inflation indexed bond 0.625% 15/07/2021	Aaa	Aaa
Japanese government 0.10% index-linked 10/03/2026	Aaa	–
Japanese government 0.10% index-linked 10/03/2027	Aaa	–
Japanese government 0.10% index-linked 10/03/2028	Aaa	–

None of the Company's financial assets is secured by collateral or other credit enhancements.

Derivatives

The Company has gained exposure to derivative contracts (predominantly options and forward currency contracts) as a risk management tool. The intention of using such derivative contracts has been primarily to minimise the exposure of the Company to the negative impact of changes to foreign exchange rates, interest rates, market volatility and to protect the portfolio from a correlated fall in bonds and equities. At the year end, all such instruments (except forward foreign exchange contracts) were held within the Ruffer Protection Strategies vehicle as detailed in the Portfolio Statement.

Fair value

Financial assets at fair value through profit or loss are carried at fair value. Other assets and liabilities are carried at cost which approximates fair value.

IFRS 7 requires the Company to classify a 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 30 June 2019.

	Level 1 £	Level 2 £	Level 3 £	30 Jun 19 Total £
Financial assets at fair value through profit or loss –				
Government index-linked bonds	103,537,709	–	–	103,537,709
Short-dated conventional government bonds	54,914,791	–	–	54,914,791
Options	–	4,874,494	–	4,874,494
Equities	153,779,620	38,891,614	1,593,750	194,264,984
Investment funds	1,716,000	30,909,907	–	32,625,907
Total assets	313,948,120	74,676,015	1,593,750	390,217,885
Financial liabilities at fair value through profit or loss –				
Derivative financial liabilities	–	332,037	–	332,037
Total liabilities	–	332,037	–	332,037

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 year during which the transfer has occurred. During the years ended 30 June 2019 and 30 June 2018, there were no transfers between levels of fair value hierarchy.

The movements in Level 3 investments during the year were as follows.

	Year ended 30 Jun 19 £	Year ended 30 Jun 18 £
Opening valuation	1,593,750	893,512
Unrealised movement on revaluation of investments	–	700,238
	1,593,750	1,593,750

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. Where these funds are invested in equity type products, they are classified as equity in the table above. Options and foreign exchange forward contracts are fair valued using publicly available data. Foreign exchange forward contracts are shown as derivative financial assets and liabilities in the above table.

Assets classified in Level 3 consist of investments for which no market exists for trading, for example investments in 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. Where a market exists for trading in illiquid funds, these are classified in Level 2.

Liquidity risk

Liquidity risk is the risk that the Company will find it difficult or impossible to realise assets or otherwise raising funds to meet financial commitments. The Company's liquidity risk is managed by the Investment Manager who monitors the cash positions on a regular basis. The Company's overall liquidity risks are monitored on a regular basis by the Board of Directors and a formal report is made by the Investment Manager to the Directors at each Board Meeting.

As at 30 June 2019 and 2018, the Company had no significant financial liabilities other than short-term payables arising directly from investing activity.

20 Capital risk management

The fair value of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date. For the purposes of this disclosure, redeemable participating preference shares are considered to be capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and be viable in order to pursue its investment objectives. The Board regularly reviews the Company's capital structure, including gearing levels. It also decides the extent to which any return of capital or income may be made to shareholders by way of dividends or share repurchases. It is the Board's intention to increase the market capitalisation of the Company not only through capital gain on the portfolio but also through further issuance of shares when demand permits and the shares are trading at a sufficient premium to NAV per share.

The Company has the ability to borrow up to 30% of its NAV at any time for short-term or temporary purposes as is necessary for the settlement of transactions, to facilitate redemption (where applicable) or to meet ongoing expenses. At the year end the Company had no borrowings (30 June 2018 – Nil). The Company does not have, nor does it intend to adopt, any structural gearing. The gearing ratio below is calculated as total liabilities divided by total equity.

	30 Jun 19 £	30 Jun 18 £
Total assets	410,150,610	409,616,618
Less – total liabilities	(3,875,613)	(3,308,615)
Total equity	406,274,997	406,308,003
Gearing ratio	0.95%	0.81%

The Board considers this gearing ratio to be adequate since total borrowings above refer only to trade and other payables and unrealised losses on open spot and forward foreign currency contracts.

Redemption Facility

The Company has a Redemption Facility (which takes the form of a tender offer to all holders of redeemable participating preference shares) which was made available after 8 July 2007. This facility may operate annually, in November each year, at the discretion of the Directors. Redemptions on any Redemption Date may be restricted to a maximum of 25% in aggregate of the Shares then in issue, with any tender requests from shareholders in excess of this being scaled back pro rata.

The facility is intended to address any imbalance in the supply and demand for the shares and to assist in maintaining a narrow discount to the NAV per Share at which the shares may be trading. The Company, will at the sole discretion of the Directors –

a purchase shares when deemed appropriate and

b allow an annual redemption of up to 25% of the issued shares at the prevailing NAV per Share and may operate annually in November of each year.

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 redeemable participating preference shares of 0.01p 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 London Stock Exchange 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 acquisitions may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the lower of the undiluted or diluted NAV

v the authority conferred shall expire at the conclusion of the AGM 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 a purchase of Shares pursuant to any such contract. No such repurchases of shares were made during the year (30 June 2018 – Nil).

21 Subsequent events

These Financial Statements were approved for issuance by the Board on 19 September 2019. Subsequent events have been evaluated up until this date.

An interim dividend of 0.9p per share in respect of the year ended 30 June 2019 was declared on 20 September 2019. The dividend is payable on 11 October 2019 to shareholders on record at 27 September 2019.

Portfolio statement (unaudited)
as at 30 June 2019

	Currency	Holding at 30 Jun 19	Fair value £	% of total net assets
Government index-linked bonds 39.00%				
(30 Jun 18 – 31.17%)				
United Kingdom				
UK index-linked gilt 1.875% 22/11/2022	GBP	1,500,000	2,444,348	0.60
UK index-linked gilt 1.250% 22/11/2055	GBP	600,000	2,306,822	0.57
UK index-linked gilt 0.375% 22/03/2062	GBP	8,700,000	24,968,422	6.15
UK index-linked gilt 0.125% 22/03/2068	GBP	9,700,000	27,842,151	6.85
			57,561,743	14.17
United States				
US Treasury Bond 1.375% 09/30/19	USD	14,974,000	11,770,770	2.90
US Treasury Bond 1.75% 30/11/19	USD	15,631,000	12,292,515	3.03
US Treasury Bond 2.000% 01/31/20	USD	15,003,000	11,813,415	2.91
US Treasury Bond 2.25% 03/31/20	USD	11,368,000	8,968,342	2.21
US Treasury Bond 0.125% 04/15/2020	USD	5,234,000	4,448,577	1.09
US Treasury Bond 2.50% 31/05/20	USD	7,105,000	5,621,172	1.38
US Treasury Inflation Indexed Bond 1.25% 15/07/2020	USD	12,090,000	11,222,291	2.76
US Treasury Inflation Indexed Bond 1.125% 15/01/2021	USD	10,000,000	9,266,929	2.28
US Treasury Inflation Indexed Bond 0.625% 15/07/2021	USD	19,350,000	17,383,731	4.28
			92,787,742	22.84
Japan				
Japanese Government 0.10% index-linked 10/03/2026	JPY	350,000,000	2,694,704	0.66
Japanese Government 0.10% index-linked 10/03/2027	JPY	350,000,000	2,714,744	0.67
Japanese Government 0.10% index-linked 10/03/2028	JPY	350,000,000	2,693,567	0.66
			8,103,015	1.99
Total government index-linked bonds			158,452,500	39.00
Equities 40.09%				
(30 Jun 18 – 40.80%)				
Europe				
France				
Vivendi	EUR	375,000	8,127,351	2.00
			8,127,351	2.00

	Currency	Holding at 30 Jun 19	Fair value £	% of total net assets
Netherlands				
Arcelormittal	EUR	365,000	5,143,865	1.27
			5,143,865	1.27
Norway				
Yara International	NOK	58,000	2,215,817	0.55
			2,215,817	0.55
United Kingdom				
Belvoir Lettings	GBP	1,065,295	1,193,130	0.29
Better Capital (2012)	GBP	3,088,700	277,983	0.07
Better Capital (2009)	GBP	294,641	138,481	0.03
Countryside Properties	GBP	724,340	2,161,431	0.53
Dixons Carphone	GBP	1,210,626	1,325,030	0.33
Grit Real Estate Income Group	USD	1,626,850	1,755,501	0.43
Hipgnosis Songs Fund	GBP	1,936,049	2,013,491	0.50
Imperial Brands	GBP	87,457	1,615,156	0.40
Lloyds Banking Group	GBP	3,000,000	1,697,700	0.42
Ocado Group	GBP	430,000	5,015,950	1.23
PRS Real Estate Investment Trust	GBP	1,141,100	1,061,223	0.26
Renn Universal Growth Trust	GBP	937,500	1,593,750	0.39
Ruffer SICAV UK Mid & Smaller Companies Fund*	GBP	27,973	5,916,820	1.46
Secure Trust Bank	GBP	58,345	822,665	0.20
Sophos Group	GBP	400,000	1,578,400	0.39
Supermarket Real Estate Investment Trust	GBP	689,907	717,503	0.18
System1 Group	GBP	381,100	838,420	0.21
Tesco	GBP	4,100,000	9,290,600	2.29
Tufton Oceanic Assets	GBP	2,348,347	1,812,681	0.45
Whitbread	GBP	42,000	1,942,500	0.48
Van Elle	GBP	1,525,573	823,809	0.20
			43,592,224	10.74
Total European equities			59,079,257	14.56

	Currency	Holding at 30 Jun 19	Fair value £	% of total net assets
United States				
Activision Blizzard	USD	53,500	1,988,973	0.49
Amgen Inc	USD	16,000	2,321,739	0.57
Celgene Corp	USD	65,000	4,732,160	1.16
Cigna Corp	USD	38,000	4,716,178	1.16
Cleveland-Cliffs	USD	520,000	4,370,195	1.08
DuPont De Nemours	USD	31,000	1,832,018	0.45
Ensco Rowan	GBP	164,500	1,103,923	0.27
Exxon Mobil	USD	90,000	5,430,766	1.34
Foot Locker	USD	86,000	2,839,572	0.70
General Motors	USD	162,000	4,916,399	1.21
Jefferies Financial Group	USD	180,000	2,723,535	0.67
McKesson	USD	38,000	4,020,589	0.99
National Oilwell Varco	USD	148,000	2,590,233	0.64
Synchrony Financial	USD	100,000	2,727,631	0.67
Walt Disney	USD	110,000	12,101,213	2.98
Total United States equities			58,415,124	14.38
Asia				
China				
Swire Pacific	HKD	170,000	1,643,857	0.40
			1,643,857	0.40

	Currency	Holding at 30 Jun 19	Fair value £	% of total net assets
Japan				
Bandai Namco Holdings	JPY	130,000	4,956,034	1.22
LF Ruffer Japanese Fund*	GBP	3,126,850	8,214,234	2.02
Hoya	JPY	50,000	3,012,255	0.74
Mitsubishi Electric	JPY	179,900	1,862,407	0.46
Mitsubishi UFJ Financial Group	JPY	1,200,000	4,478,397	1.10
Nomura Real Estate Holdings	JPY	245,000	4,140,472	1.02
Resona Holdings	JPY	550,000	1,800,743	0.44
Sony	JPY	140,000	5,768,748	1.42
Sumitomo Mitsui Financial Group	JPY	170,000	4,720,429	1.16
Tokio Marine Holdings	JPY	50,000	1,969,706	0.48
T&D Holdings	JPY	330,000	2,813,787	0.69
			43,737,212	10.75
Total Asian equities			45,381,069	11.15
Total equities			162,875,450	40.09
Global Investment Funds 8.03% (30 Jun 18 – 6.18%)				
Herald Worldwide Fund	GBP	28,000	1,702,680	0.42
Ruffer Illiquid Multi Strategies Fund 2015*	GBP	55,461,992	29,207,227	7.19
Weiss Korea Opportunity Fund	GBP	1,100,000	1,716,000	0.42
			32,625,907	8.03
Total global investment funds			32,625,907	8.03

	Currency	Holding at 30 Jun 19	Fair value £	% of total net assets
Gold and gold mining equities 7.73%				
(30 Jun 18 – 5.08%)				
Barrick Gold	USD	163,323	2,027,387	0.50
Ishares Physical Gold	USD	100,000	2,178,442	0.54
LF Ruffer Gold Fund*	GBP	13,200,000	24,760,560	6.09
Newmont Goldcorp Corporation	USD	33,000	999,409	0.25
Wheaton Precious Metals	CAD	75,000	1,423,736	0.35
			31,389,534	7.73
Total gold and gold mining equities			31,389,534	7.73
Options 1.20%				
(30 Jun 18 – 1.36%)				
Ruffer Protection Strategies International*	GBP	2,633,723	4,874,494	1.20
			4,874,494	1.20
Total options			4,874,494	1.20
Total financial assets at fair value through profit or loss			390,217,885	96.05

* 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 UK Mid & 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 Bank 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 Financial Statements were authorised for issue on 19 September 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.

Until 31 March 2019, Northern Trust International Fund Administration Services (Guernsey) Limited (the former Administrator) was 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. With effect from 1 April 2019, Praxis Fund Services Limited ('the Administrator') is entitled to receive an annual fee equal to 0.08%. per annum on the first £100 million; 0.04%. per annum between £100 million and £200 million; 0.02%. per annum between £200 million and £300 million; and 0.015%. per annum thereafter; based on the NAV of the Company on a mid-market basis, subject to a minimum fee of £100,000 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

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Le Truchot
St Peter Port
Guernsey GY1 1GR

Auditor

Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3HW

Investment Manager and Alternative Investment Fund Manager

Ruffer AIFM Limited
80 Victoria Street
London SW1E 5JL

Sponsor and broker

With effect from 22 June 2019
Investec Bank plc
30 Gresham Street
London EC2V 7QP
Until 21 June 2019
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

Advocates to the Company as to Guernsey law

Mourant Ozannes
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4HP

Company Secretary and Administrator

With effect from 1 April 2019
Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR

Until 31 March 2019
Northern Trust International Fund
Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

CREST Agent

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St Helier
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Custodian

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

Depositary

Northern Trust (Guernsey) Limited
Trafalgar Court, Les Banques
St Peter Port
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