

Ruffer Investment Company Limited

An alternative to alternative asset management



November 2015 Issue 126

The net asset value as at 30 November was 210.6p, representing a fall of 0.2% over the month. This compared with a rise of 0.6% in the FTSE All-Share TR index.

Following the market sell-off in September, and partial rebound last month, November turned out to be largely devoid of financial fireworks. Economic data in the US continued to support Janet Yellen finally crossing the line and raising interest rates in December, whilst Mario Draghi dropped heavy hints that the European Central Bank would move in the opposite direction and Mark Carney remained steadfast to his apparent ambition of avoiding any interest rate moves on his watch. As we write this, just after the month end, so far Draghi has disappointed, albeit on heightened expectations of further rate cuts and asset purchases, but both Yellen and Carney appear to be holding to their course.

November was also notable for the awful terrorist attacks in Paris and escalating tension and confusion in the Middle East, not least after Turkey shot down a Russian jet. In more normal times such events might have seen a rush to buy gold and a spike up in the oil price, but these are far from normal times in financial markets. Instead the oil price fell by more than 10% and gold hit a five year low, down 7% on the month. It seems, for now at least, that faith in central banks and monetary policy trumps events in the real world, but investors need to remember that this is neither the usual, nor a permanent, state of affairs.

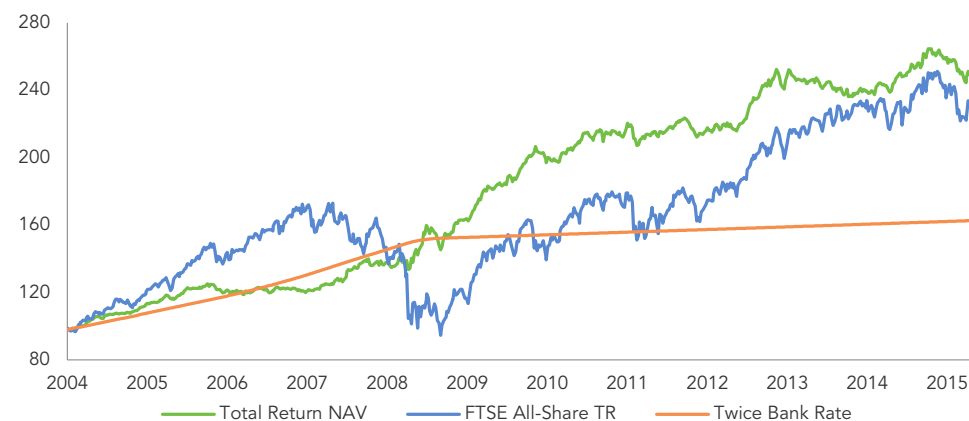
We are fascinated by the dichotomy between stocks that are perceived as 'safe', and command often eye-watering valuations, and those that are patently unsafe, but whose valuations in no way reflect the current reality of near zero interest rates (think of consumer staples compared to oil stocks). We are increasingly fearful of the apparent safety of the former, mindful that, for stock prices at least, valuations in the end almost always triumph over quality, and that safe companies can be transformed into dangerous investments merely by the trick of higher share prices. That is not to say that we have not benefited from this fashion for safety; our holdings in Johnson and Johnson, BT, Kraft, and more latterly Humana and Lockheed Martin, all provided welcome profits. However, we may now be approaching the end of this particular road and accordingly have cleared the portfolio of all but the most heavily disguised such stocks.

We are drawn to industries shunned by investors for their obvious perils. Fortunately we are too timid to have acted on this fascination, beyond dipping a toe in Exxon, but we have a growing sense that the prevailing investment wind may soon change. When entire industries are priced for the end of their world it can come as a pleasant surprise to find that Armageddon is merely a temporary phenomenon. It may still be too early for the move from safety into such highly visible danger but 2016 may be a year when it proves better to be embarrassingly early than even a fraction too late.

Investment objective

The principal objective of the Company is to achieve a positive total annual return, after all expenses, of at least twice the Bank of England Bank Rate by investing predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

Performance since launch on 8 July 2004



| Performance % | November 2015 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------------|---------------|--------------|--------|---------|---------|----------|
| Total return NAV | -0.2 | 0.7 | 0.3 | 14.0 | 20.0 | 112.0 |
| Share price TR ¹ | -0.2 | -0.3 | 1.4 | 14.3 | 16.0 | 106.0 |

¹Assumes re-investment of dividends

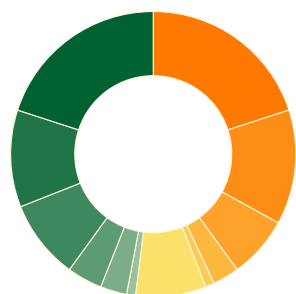
| Percentage growth in total return NAV | % | As at 30 November 2015 | p |
|---------------------------------------|------|---|---------------|
| 30 Sep 2014 – 30 Sep 2015 | 0.7 | Share price | 211.50 |
| 30 Sep 2013 – 30 Sep 2014 | -0.6 | Net Asset Value (NAV) per share | 210.59 |
| 30 Sep 2012 – 30 Sep 2013 | 11.7 | | % |
| 30 Sep 2011 – 30 Sep 2012 | 2.3 | Premium/discount to NAV | 0.4 |
| 30 Sep 2010 – 30 Sep 2011 | 5.6 | NAV total return since inception ² | 155.6 |
| | | Standard deviation ³ | 1.92 |
| | | Maximum drawdown ³ | -7.36 |

Source: Ruffer AIFM Limited

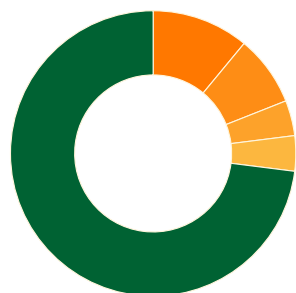
²Including 29.3p of dividends ³Monthly data (total return NAV)

Ruffer Investment Company Limited as at 30 Nov 2015

Portfolio structure



| Asset allocation | % | | % |
|---------------------------|----|--------------------------|----|
| ● Non-UK index-linked | 20 | ● Japan equities | 20 |
| ● Long dated index-linked | 11 | ● North America equities | 13 |
| ● Index-linked gilts | 9 | ● UK equities | 7 |
| ● Gold and gold equities | 4 | ● Asia ex-Japan equities | 3 |
| ● Cash | 3 | ● Europe equities | 1 |
| ● Options | 1 | ● Illiquid strategies | 8 |



| Currency allocation | % |
|---------------------|----|
| ● Sterling | 73 |
| ● Yen | 11 |
| ● US dollar | 8 |
| ● Gold | 4 |
| ● Other | 4 |

5 largest of 10 bond holdings

| Stock | % of fund |
|-----------------------------------|-----------|
| 1.875% Treasury index-linked 2022 | 6.4 |
| 1.25% Treasury index-linked 2055 | 6.0 |
| 0.375% Treasury index-linked 2062 | 4.7 |
| US Treasury 0.625% TIPS 2021 | 4.2 |
| US Treasury 1.125% TIPS 2021 | 4.1 |

Source: Ruffer AIFM Limited

5 largest of 53 equity holdings*

| Stock | % of fund |
|--------------------------------------|-----------|
| T&D Holdings | 2.6 |
| Mizuho Financial | 2.4 |
| Mitsubishi UFJ Finance | 2.2 |
| Sumitomo Mitsui Financial Group | 2.0 |
| Japan Residential Investment Company | 1.9 |

*Excludes holdings in pooled funds

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of RAIFM at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. RAIFM has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus and the latest report and accounts.

NAV £325.7m Market capitalisation £327.1m Shares in issue 154,638,416

Company information

| | |
|---|--|
| Annual management charge (no performance fee) | 1.0% |
| Total Expense Ratio | 1.18% |
| Ex dividend dates | March, September |
| NAV valuation point | Weekly – Friday midnight Last business day of the month |
| Stock ticker | RICA LN |
| ISIN | GB00B018CS46 |
| SEDOL | B018CS4 |
| Investment Manager | Ruffer AIFM Limited |
| Administrator | Northern Trust International Fund Administration Services (Guernsey) Limited |
| Custodian | Northern Trust (Guernsey) Limited |
| Company structure | Guernsey domiciled limited company |
| Share class | £ sterling denominated preference shares |
| Listing | London Stock Exchange |
| NMPI status | Excluded security |
| Wrap | ISA/SIPP qualifying |
| Discount management | Share buyback Discretionary redemption facility |

Managers

Hamish Baillie

INVESTMENT DIRECTOR



A graduate of Trinity College Dublin, he joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP and is a director of Ruffer (Channel Islands) Limited. He also manages

investment portfolios for individuals, trusts, charities and pension funds and is a member of the Chartered Institute for Securities & Investment.

Steve Russell

INVESTMENT DIRECTOR



Graduated from Oxford in PPE and started work as an equity analyst at Confederation Life in 1987, progressing to Head of Equities. In 1999 he moved to HSBC Investment Bank as Head of UK and European

Equity Strategy, before joining Ruffer in 2003. He is also co-manager of the CF Ruffer Total Return Fund.

Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2015, assets managed by the group exceeded £18.3bn.

Enquiries

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