



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

MARCH 2012

ISSUE 82

Share price as at 30 Mar 2012

205.00p

NAV as at 30 Mar 2012

Net Asset Value (per share)

198.41p

Premium/(discount) to NAV

As at 30 Mar 2012

3.3%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

127.7%

£ Statistics since inception

Standard deviation ²	2.04%
Maximum drawdown ³	-7.36%

¹Including 17.6p of dividends

²Monthly data (Total Return NAV)

³Monthly data (Total Return NAV)

Percentage growth in total return NAV

31 Mar 2011 – 30 Mar 2012	3.9%
31 Mar 2010 – 31 Mar 2011	8.7%
31 Mar 2009 – 31 Mar 2010	29.6%
31 Mar 2008 – 31 Mar 2009	9.4%
30 Mar 2007 – 31 Mar 2008	14.1%

Source: Ruffer LLP

Six monthly return history

Date	NAV (p)	TR NAV* (p)	% Total return
30 Dec 11	193.5	215.8	-0.3
30 Jun 11	195.6	216.5	1.0
31 Dec 10	195.2	214.4	7.8
30 Jun 10	182.6	198.9	8.1
31 Dec 09	170.3	184.0	12.6
30 Jun 09	152.6	163.3	2.2
31 Dec 08	150.9	159.8	16.0
30 Jun 08	131.3	137.7	6.7
31 Dec 07	124.2	129.0	7.5
29 Jun 07	116.7	120.0	-1.4
29 Dec 06	119.6	121.7	0.6
30 Jun 06	119.4	121.0	-0.5
30 Dec 05	120.5	121.6	7.9
30 Jun 05	112.2	112.7	5.6
31 Dec 04	106.7	106.7	8.9

*includes re-invested dividends

Source: Ruffer

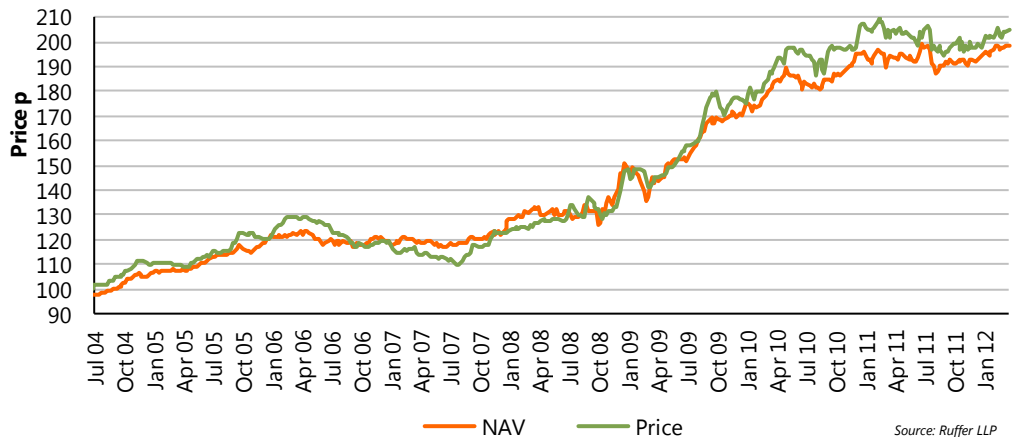
Dividends ex date: 0.5p 30 Mar 05, 30 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11, 1.6p on 29 Feb 12

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

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 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.

RIC performance



Source: Ruffer LLP

Investment report

The net asset value at 30 March 2012 was 198.41p, up by 0.5% over the month and the share price rose by 0.7%. The FTSE All-Share fell by 0.9% on a total return basis.

On the face of it our job is a straightforward one; keep investors capital safe as a primary objective and produce a return of at least twice Bank of England Bank Rate. Unfortunately, the drawback of obsessing over capital preservation is that there is always something to worry about. Knowing that it is unlikely in the extreme that we will consistently call markets correctly in the longer run, our answer has always been to build up a panoply of investments which will offset each other. The extension of this is that we spend a great deal of time deliberating over whether our offsetting assets will do what is required of them in different scenarios. In short, correlation amongst our holdings is dangerous and our strategy is dependent upon finding assets that genuinely behave differently to one another. In the final quarter of last year this approach worked rather too well in that while the capital preservation objective was achieved the winners and losers cancelled each other out and resulted in a miserly return. This has changed in the last three months and we finished the first quarter up 2.6% – unspectacular but pleasingly steady and back into the carthorse-like fashion to which we aspire.

Are we therefore comfortable that the positioning of the portfolio can deal with what lies ahead? Absolutely not – there are large (and well identified) risks to equity markets in the form of Europe, China and geopolitical tensions in the Middle East and a large part of our offset is in inflation protected bonds at a time when central banks are talking about reducing stimulus and inflation is by-and-large falling (but is still well above target). Of course, the investment landscape is more complicated than this and last year our index-linked bonds protected the portfolio well despite there being no evidence of a general rise in

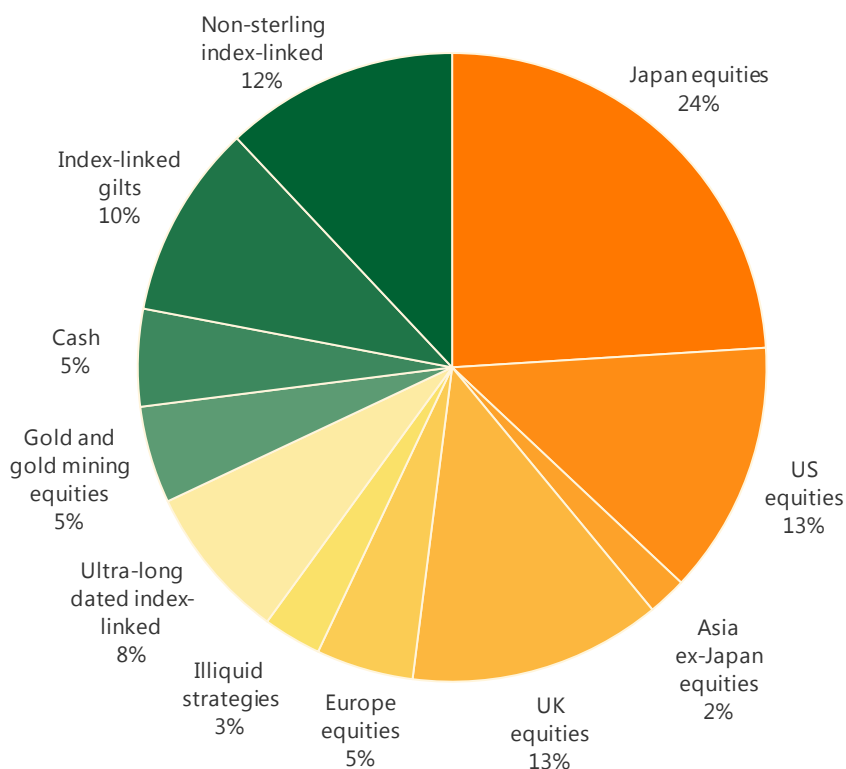
inflation worries. The key differential here is the difference between interest rates and inflation and there is no sign of any movement in the former camp.

It often pays to take a step back from the coal face in order to get some perspective on the investment landscape. Despite the to-ings and fro-ings of central bank chit-chat, where every word uttered is dissected for an insight into future policy direction, the truth is that very little has changed. We are faced with powerful deflationary forces brought about by the financial crisis and thence the effects of deleveraging and austerity, but all the world's major central banks have chosen to fight this battle with their own inflationary forces – liquidity injections, ultra-low interest rates and money printing. Recently, central bankers have been in the ascendency not least through the European LTRO operation, but the patient still appears to be dependent on the life support and, with any hint at that support being removed, the market gets the jitters. However, what we know is that the deflationary forces are a finite thing (how much can the economy contract?) whereas the troops at the disposal of central banks are infinite and will persevere as long as they continue to be deployed.

This is all useful theory but the much more important question is that if our views are correct is the portfolio positioned to keep our investors' capital safe. We hope so but hope is a long way from certainty and this discomfort is no bad thing in the capital preservation game.

This moment should not pass without mentioning the fact that at the end of the month Jonathan Ruffer stepped back from his direct involvement in the management of the investments of the Ruffer Investment Company. He will continue to give his input into the macro-economic team and in his role as Chairman of Ruffer LLP.

Portfolio structure as at 30 Mar 2012



Source: Ruffer LLP

Ten largest holdings as at 30 Mar 2012

Stock	% of fund
1.25% Treasury index-linked 2017	8.3
1.25% Treasury index-linked 2055	6.0
US Treasury 1.625% TIPS 2018	4.7
US Treasury 1.625% TIPS 2015	4.0
Vodafone	3.2
T&D Holdings	3.1
CF Ruffer Japanese Fund	3.1
Nippon Telegraph & Telephone	3.1
US Treasury 1.875% TIPS 2015	3.1
CF Ruffer Baker Steel Gold Fund	2.7

Five largest equity holdings* as at 30 Mar 2012

Stock	% of fund
Vodafone	3.2
T&D Holdings	3.1
Nippon Telegraph & Telephone	3.1
Johnson & Johnson	2.4
BT	2.4

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£269.5m (30 Mar 2012)

Shares in issue

135,838,416

Market capitalisation

£278.5m (30 Mar 2012)

No. of holdings

51 equities, 7 bonds (30 Mar 2012)

Share price

Published in the Financial Times

Market makers

ABN AMRO | Cazenove
Cenkos Securities | Collins Stewart
Numis Securities | Winterflood Securities

Company information

Company structure

Guernsey domiciled
limited company

Share class

£ sterling denominated
preference shares

Listing

London Stock Exchange

Settlement

CREST

Wrap

ISA/SIPP qualifying

Discount management

Share buyback
Discretionary redemption facility

Investment Manager

Ruffer LLP

Administrator

Northern Trust International Fund
Administration Services
(Guernsey) Limited

Custodian

Northern Trust (Guernsey) Limited

Ex dividend dates

March, September

Stock ticker

RICA LN

ISIN Number

GB00B018CS46

SEDOL Number

B018CS4

Charges

Annual management charge 1.0%
with no performance fee

Enquiries

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Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 March 2012, funds managed by the group exceeded £13.6bn, of which over £5.7bn was managed in open-ended Ruffer funds.



HAMISH BAILLIE

Investment Director

Joined Ruffer in 2002. He founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009. He manages investment portfolios for individuals, trusts, charities and pension funds and is part of the team managing the Ruffer Investment Company which is listed on the London Stock Exchange. He is a member of the Chartered Institute for Securities & Investment and a graduate of Trinity College Dublin.



STEVE RUSSELL

Investment Director

Started as a research analyst at SLC Asset Management in 1987, where he became Head of Equities in charge of £5bn of equity funds. In 1999 moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in September 2003. Became a non-executive director of JPMorgan European Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.