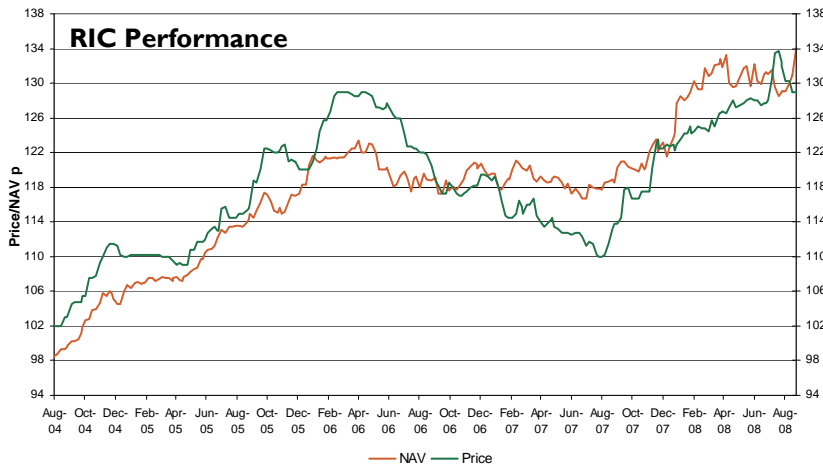




RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

| | | |
|---------------------------|---------------------|-------------|
| Share price | 129.00p | 29 Aug 2008 |
| Net Asset Value (NAV) | 134.10p | 29 Aug 2008 |
| Premium (Discount) to NAV | -3.8% | 31 Jul 2008 |
| Launch price | 100.00p (8 July 04) | |



Source: Ruffer LLP

Performance since inception - RIC A Class

Total return (NAV)¹ +42.7%

£ Statistics since inception

Standard Deviation² 1.42%

Sharpe ratio³ 1.07

Maximum drawdown⁴ -3.5%

1—Including 5.75p dividend; 2—Monthly data

3—Monthly data annualised; 4—Monthly data. Including 5.75p dividend

Source: Ruffer LLP

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 base 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.

Investment Report

The Net Asset Value of the portfolio at the end of August was 134.10p per share, up 4.0% on the month.

After the travails of July it was very pleasing to re-enter the world of positive returns in August. Admittedly the rise in the NAV could not be claimed to result from any hyperactivity by the managers, since the only trade in the month was to admit defeat on Premier Foods.

Much more significant for us was the decline in sterling, 4% on a trade weighted basis and approaching a twelve year low on that measure; the trend accelerated through the month, and was given an extra push by the UK Chancellor's bleak remarks on the economy, which suggested that the next set of UK Treasury forecasts might represent the biggest climbdown since Sir Edmund Hillary sent Sherpa Tenzing for a camera. There were also helpful double-digit rises in several equities including Ericsson, Kao and GlaxoSmithKline.

European economies are re-coupling rapidly. Having raised short-rates as recently as June, there is every chance that the ECB will spend some time at the top of the hill before doing a Grand Old Duke of York in terms of monetary policy in the early part of next year; there also continue to be dark mutterings within the Bank about the size and scale of European banks' usage of the ECB's "cash-for-trash" scheme. Perhaps nobody expected the Spanish enquiries to lead to such a large acquisition of assets by the ECB.

All of the above should help the Swiss Franc, especially if we see some inflationary busts in Eastern Europe and the Baltics. In terms of the Swissie we firmly believe that the fat lady has barely cleared

Ten largest holdings

29 Aug 2008

| Stock | % of Fund |
|----------------------------|-----------|
| Austria Govt 3% 2009 | 10.4 |
| UK Treasury I/L 1.25% 2017 | 10.0 |
| US TIPS 2.375% 2025 | 6.7 |
| Swiss Govt 4% 2028 | 5.7 |
| Swiss Govt 1.75% 2009 | 5.5 |
| UK Treasury 5% 2012 | 5.1 |
| UK Treasury 4.25% 2011 | 5.0 |
| Gold Bullion | 3.8 |
| Swisscom | 3.6 |
| Nippon Tel & Tel | 3.0 |

Five largest equity holdings

29 Aug 2008

| Stock | % of Fund |
|------------------|-----------|
| Swisscom | 3.6 |
| Nippon Tel & Tel | 3.0 |
| BP | 2.3 |
| Kao | 2.3 |
| Newmont Mining | 2.2 |

Source: Ruffer LLP

Percentage Growth in NAV to 30 June 2008

| 30 Jun 07 - 30 Jun 08 | 30 Jun 06 - 30 Jun 07 | 30 Jun 05 - 30 Jun 06 | 30 Jun 04 - 30 Jun 05 | 30 Jun 03 - 30 Jun 04 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| +14.7% | -2.3% | +6.4% | n/a | n/a |

Source: Ruffer LLP

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

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RUFFER INVESTMENT COMPANY

Quarterly return history

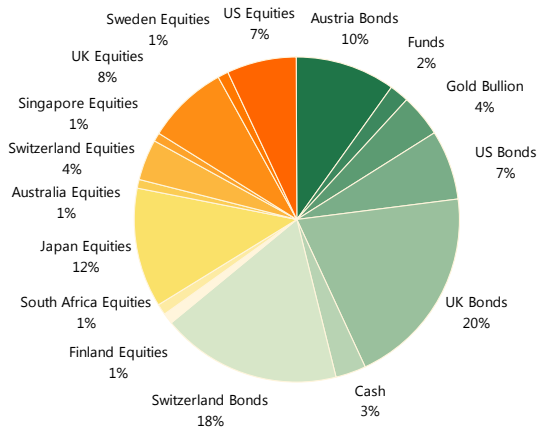
| Date | 30 Sep 04 | 31 Dec 04 | 31 Mar 05 | 30 Jun 05 | 30 Sep 05 | 30 Dec 05 | 31 Mar 06 | 30 Jun 06 | 30 Sep 06 | 31 Dec 06 | 31 Mar 07 | 30 Jun 07 | 30 Sep 07 | 31 Dec 07 | 31 Mar 08 | 30 Jun 08 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| NAV | 101.2p | 106.7p | 107.2p* | 112.2p | 117.4p* | 120.5p | 122.5p* | 119.4p | 118.8p* | 119.6p | 118.7p* | 116.7p | 120.4p* | 124.2p | 132.8p* | 131.30p |
| % Growth | +3.3% | +5.4% | +0.9% | +4.7% | +5.1% | +2.6% | +2.1% | -2.5% | -0.1% | +0.7% | +0.3% | -1.7% | +4.2% | +3.2% | +7.9% | -1.1% |

*Ex dividend 0.5p 30 Mar 05, 7 Sept 05, 31 Mar 06, 27 Sept 06, 1.25p 30 Mar 07, 28 Sept 07 and 31 Mar 08

Source: Ruffer LLP

Geographical Allocation

29 Aug 2008



Source: Ruffer LLP

Notes: (i) The Company may invest up to 10% in other listed collective vehicles although in certain circumstances the Company may invest up to 15% in other listed collective vehicles (see Prospectus for details).

(ii) Currency risk actively managed within the Company.

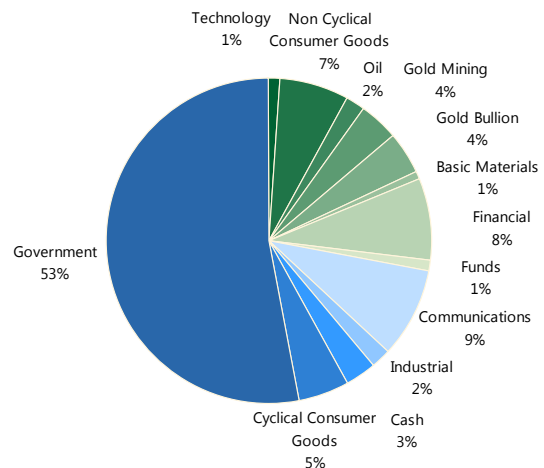
| | |
|----------------------------|---|
| Company Structure | Guernsey domiciled limited company |
| Share class | £ sterling denominated preference shares |
| Listing | London Stock Exchange |
| Settlement | CREST |
| Wrap | ISA/PEP/SIPP qualifying |
| Discount Management | Share buyback Discretionary redemption facility |
| Investment Manager | Ruffer LLP |
| Administrator | Northern Trust International Fund Administration Services (Guernsey) Limited |
| Custodian | RBC Dexia Investor Services |
| Ex dividend dates | March, September |
| Pay dates | April, November |
| Stock ticker | RICA LN |
| ISIN Number | GB00B018C546 |
| Sedol Number | B018CS4 |
| Enquiries | Ruffer LLP 80 Victoria Street London SW1E 5JL |
| | Alexander Bruce Tel: 020 7963 8215 Fax: 020 7963 8175 Email: abruce@ruffer.co.uk Web: www.ruffer.co.uk |

RUFFER LLP

Ruffer LLP manages funds exceeding £2.99bn on an absolute return basis, including over £777m in open-ended Ruffer funds.

Asset Allocation

29 Aug 2008



Source: Ruffer LLP

Sponsoring Broker

UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Charges

Annual management charge 1.0% with no performance fee

NAV Valuation Point

Weekly: Friday midnight
Last business day of the month

NAV

£119.5m (29 Aug 08)

Shares in issue

89,129,703

Market capitalisation

£115.0m (29 Aug 08)

No. of holdings

38 equities, 10 bonds (29 Aug 08)

Share price

Published in the Financial Times

Market Makers

UBS Investment Bank
Winterflood Securities
Panmure Gordon
ABN AMRO



JONATHAN RUFFER, Chief Executive

Trained as a stockbroker and barrister before moving into private client investment management in 1980, with Dunbar Fund Managers. Formerly Chief Investment Officer of Rathbone Bros plc, in 2001 became an independent non-executive director of Electric and General Investment Trust PLC. He established Ruffer Investment Management Ltd in 1994, which transferred its investment business to Ruffer LLP in 2004.



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 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer LLP in September 2003. He became a non-executive director of JP Morgan Fleming Continental Investment Trust in 2005.

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

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