

Interim Management Statement – 1 July 2012 to 28 September 2012
PERFORMANCE SUMMARY

The NAV per share increased from 191.93p at 1 July 2012 to 192.75p at 28 September 2012. For the period under review, the Company recorded a total return (net of fees and expenses) of +1.3%, compared to the objective return of 0.25%, being twice the time weighted Bank of England base rate over the period. Since inception (on 7 July 2004), the Company has achieved a positive total return of 123%, compared to twice the time weighted Bank of England base rate return of 60.9%. The Company went ex-dividend of 1.6p on 26 September 2012.

The share price increased from 197.5p at 1 July 2012 to 198.25p at 28 September 2012. The price-to-NAV at the end of the period was a premium of 2.9%, the same as at the start of the period. 1.85m shares were issued at an average premium of 3% to the prevailing NAV under the block listing facility during the period, thus ensuring that such share issuance was value enhancing to our shareholders.

Annual return history

Date	30 Sept 04**	30 Sept 05	30 Sept 06	30 Sept 07	30 Sept 08	30 Sept 09
NAV (p)	101.2*	117.4*	118.8*	120.4*	131.8*	166.8*
Company growth (%)†	3.3	17.1	2.0	3.5	10.5	30.3
Twice Bank Rate (%)	2.2	9.9	9.5	11.2	11.2	2.7

Date	30 Sept 10	30 Sept 11	28 Sept 12
NAV (p)	184.1*	193.0*	192.8*
Company Growth (%)†	12.3	5.6	2.3
Twice Bank Rate (%)	1.0	1.0	1.0

† Total return

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

** Partial period: Inception (7 July 2004) to 30 September 2004

FINANCIAL POSITION
Ten largest holdings
30 June 2012

Security	% fund
UK Treasury index-linked 1.25% 2017	8.2
UK Treasury index-linked 1.25% 2055	5.9
USA TIPS 1.625% 2018	4.8
USA TIPS 1.625% 2015	4.0
Nippon Telegraph & Telephone	3.1
USA TIPS 1.875% 2015	3.1
CF Ruffer Japanese Fund	2.8
T&D Holdings	2.8
Vodafone Group	2.5
Johnson & Johnson	2.4

28 September 2012

Security	% fund
UK Treasury index-linked 1.25% 2017	8.1
UK Treasury index-linked 1.25% 2055	5.3
Gold Bullion Securities	4.7
USA TIPS 1.625% 2018	4.7
USA TIPS 1.625% 2015	3.9
USA TIPS 1.875% 2015	2.9
T&D Holdings	2.8
CF Ruffer Japanese Fund	2.7
Vodafone Group	2.4
CF Ruffer Baker Steel Gold Fund	2.4

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Five largest equity holdings
30 June 2012

Security	% fund
Nippon Telegraph & Telephone	3.1
T&D Holdings	2.8
Vodafone Group	2.5
Johnson & Johnson	2.4
BT Group	2.2

28 September 2012

Security	% fund
Gold Bullion Securities	4.7
T&D Holdings	2.8
Vodafone	2.4
Johnson & Johnson	2.4
BT Group	2.3

MATERIAL TRANSACTIONS
Five largest purchases

1 July 2012 – 28 September 2012

Date	Security	Cost (£)
3 Sept 2012	Gold Bullion Securities	9,772,537
24 Sept 2012	UK Treasury index-linked 1.875% 2022	4,503,975
27 Jul – 24 Aug 2012	M1 Limited	4,272,169
25 Sept 2012	NTT Docomo	3,935,390
26 July – 1 Aug 2012	Ebro Foods	3,252,292

Five largest sales

1 July 2012 – 28 September 2012

Date	Security	Proceeds (£)
24 Sept 2012	UK Treasury index-linked 2.5% 2016	4,353,712
26 Jul 2012	KPN	4,104,221
25 Sept 2012	Nippon Telegraph & Telephone	3,863,449
24-25 Sept 2012	RSA Insurance Group	3,567,737
30 Aug 2012	Google	3,024,843

The Company decreased its cash weighting during the period from 5.4% at 1 July 2012 to 3.6% at 28 September 2012.

The NAV of the Company at 1 July 2012 was £271.6m and this increased to £276.3m at 28 September 2012. The market capitalisation was £279.4m at the start of the period under review and this increased to £284.2m at 28 September 2012.

MATERIAL EVENTS

The Board of the Company is not aware of any significant event that has occurred between 30 June 2012 and the date of the publication of this statement that would have had a material impact on the financial position of the Company. The Board has approved an investment policy consistent with a highly volatile economic climate.

However, please note the following ten announcements made during the period –

3 July 2012

Announcement of the tap issue of 200,000 Redeemable Participating Preference Shares of £0.01 each at a price of 197.75 pence per share.

10 July 2012

Announcement of the tap issue of 200,000 Redeemable Participating Preference Shares of £0.01 each at a price of 199.4 pence per share.

17 July 2012

Announcement of the tap issue of 500,000 Redeemable Participating Preference Shares of £0.01 each at a price of 198 pence per share.

24 July 2012

Announcement of the tap issue of 100,000 Redeemable Participating Preference Shares of £0.01 each at a price of 198.1 pence per share.

31 July 2012

Announcement of the tap issue of 350,000 Redeemable Participating Preference Shares of £0.01 each at a price of 197 pence per share.

14 August 2012

Announcement of the tap issue of 200,000 Redeemable Participating Preference Shares of £0.01 each at a price of 200.6 pence per share.

21 August 2012

Announcement of the tap issue of 150,000 Redeemable Participating Preference Shares of £0.01 each at a price of 201.3 pence per share.

4 September 2012

Announcement of the tap issue of 150,000 Redeemable Participating Preference Shares of £0.01 each at a price of 198.2 pence per share.

20 September 2012

Declaration of an interim dividend payable in respect of the year ended 30 June 2011 as follows:

Ex date	26 September 2012
Record date	28 September 2012
Pay date	19 October 2012
Dividend per share	1.60 pence (Sterling)

21 September 2012

Publication of Annual Report for the year ended 30 June 2012.