



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

JULY 2009

ISSUE 51

Share price as at 31 Jul 2009

158.75p

NAV as at 31 Jul 2009

Net Asset Value

157.15p

Premium/(discount) to NAV

As at 31 Jul 2009

1.0%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

71.6%

£ Statistics since inception

Standard deviation ²	2.2%
Sharpe ratio ³	0.95
Maximum drawdown ⁴	-5.7%

¹Including 8.5p dividend

²Monthly data

³Monthly data annualised

⁴Monthly data including 8.5p dividend

Source: Ruffer LLP

Percentage growth

In Total Return NAV

30 Jun 08 – 30 Jun 09	18.6%
30 Jun 07 – 30 Jun 08	14.8%
30 Jun 06 – 30 Jun 07	-0.8%
30 Jun 05 – 30 Jun 06	7.3%
30 Jun 04 – 30 Jun 05	n/a

Source: Ruffer LLP

Six monthly return history

Date	NAV	% Total return
30 Jun 09	152.59p	2.2%
31 Dec 08	150.9p	16.0%
30 Jun 08	131.3p	6.7%
31 Dec 07	124.2p	7.5%
30 Jun 07	116.7p	-1.4%
31 Dec 06	119.6p	0.6%
30 Jun 06	119.4p	-0.5%
30 Dec 05	120.5p	7.9%
30 Jun 05	112.2p	5.6%
31 Dec 04	106.7p	8.9%

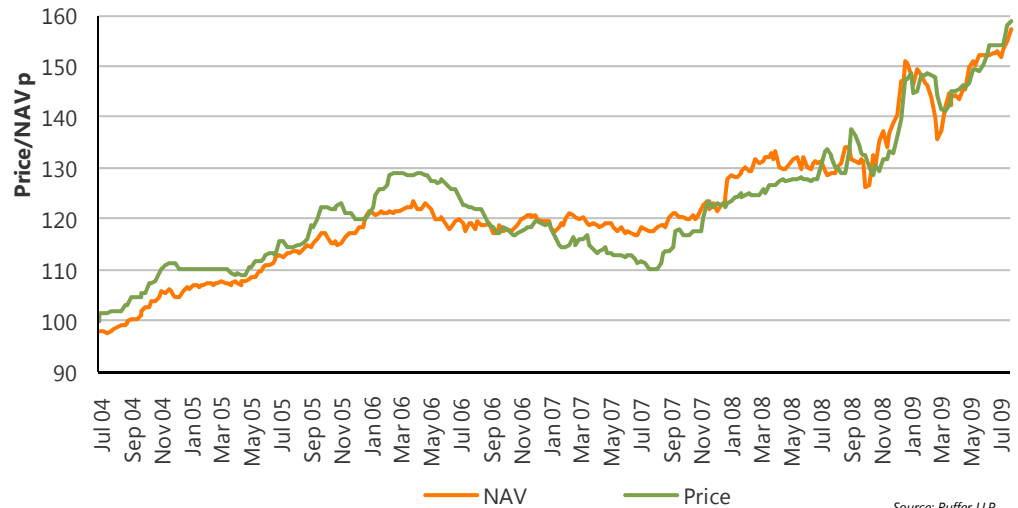
Source: Ruffer LLP

Dividends paid 0.5p 30 Mar 05, 7 Sept 05, 30 Jun 06, 27 Sept 06, 1.25p 30 Mar 07, 28 Sept 07, 30 Jun 08 and 1 Oct 08, 1.5p 27 Mar 09

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.

RIC performance



Investment report

The net asset value of the Fund currently stands at 157.2p, a gain of 3.0% during the month. The share price rose in line with NAV in July and remains at a small premium.

After a somewhat dull June, this month the mood in equity markets turned decidedly sunny, in contrast to the British weather where our 'barbeque summer' was summarily cancelled. An upbeat results season saw company after company report an improvement in the second quarter and, if not a positive outlook, at least a more stable one. The positive earnings surprises in July were in part due to previous steep reductions in analysts' forecasts, but also owed much to a real improvement in the economic backdrop. Economies were still shrinking in the second quarter, but at nothing like the pace seen earlier this year as the savage inventory reduction came to an end.

Not only has the global economy stopped falling, quite literally, 'off a cliff' but corporate profit margins have so far been remarkably resilient. In the main this is due to rapid cost reductions, the result being that by and large margins have been protected and have shown little sign of the mean reversion that has characterised all other recessions. It is of course possible that it is 'different this time', but we remain somewhat sceptical and fear that the pain in margins may be yet to come. One

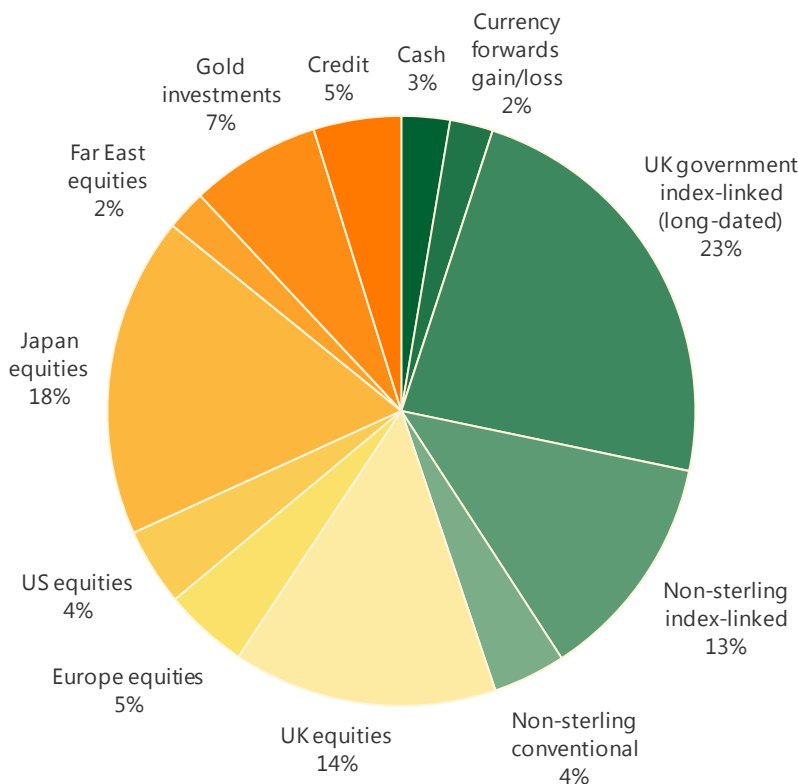
company's cost cutting is another's shortfall in revenue, whilst wage cuts and redundancies protect margins in the short term but leave consumers with less money to spend.

In comparison to the sunny mood across most equity markets in July the portfolio was left somewhat hiding in the shade. Our stock selections in western markets were just fine, more than matching the rise in the market, with the highlights being a near 25% gain in BT where we had taken a decidedly contrarian positive view, plus good gains from our holdings in Deutsche Post, Kraft and Invensys. Our index linked holdings were not surprisingly rather lacklustre as risk appetites were focused on equities rather than government bonds, with the impact of this magnified by the size of our overall positions, but we remain convinced that their time will come. Instead, the main disappointment came in Japan, the focus of much of our cyclical equity exposure, and unfortunately the market that failed to bask in the sunshine seen elsewhere. Equities in Japan did stage a sharp rally towards the end of the month, but only after falling almost equally steeply at the beginning, resulting in a rise of just 2% for July – a clear laggard. We certainly hope this will change and can see little reason for a market that bore much of the pain of the savage de-stocking cycle not to benefit as these wounds heal.

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. Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.

Authorised and regulated by the Financial Services Authority. © Ruffer LLP 2009

Portfolio structure as at 31 Jul 2009



Source: Ruffer LLP

Ten largest holdings as at 31 Jul 2009

Stock	% of fund
1.25% Treasury index-linked 2017	9.1
US Treasury Notes 2.375% TIPS 2025	6.1
1.25% Treasury index-linked 2055	5.8
Japan (Govt Of) 1.3% index-linked 2017	5.2
Ruffer Illiquid Strategies Fund	4.8
Norwegian (Government) 4.25% 2017	4.0
Sweden 3.5% index-linked 2028	3.8
BT Group	3.2
1.875% Treasury index-linked 2022	3.2
Ruffer Japan Fund	3.0

Five largest equity holdings as at 31 Jul 2009

Stock	% of fund
Ruffer Illiquid Strategies Fund	4.8
BT Group	3.2
Ruffer Japan Fund	3.0
Ruffer Baker Steel Gold Fund	2.7
Kraft Foods	2.6

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV £140.1m (31 Jul 09)

Shares in issue 89,129,703

Market capitalisation £141.5m (31 Jul 09)

No. of holdings 48 equities, 8 bonds (31 Jul 09)

Share price Published in the Financial Times

Market makers Winterflood Securities
ABN AMRO
Cenkos Securities
Cazenove
Numis Securities

Fund 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 RBC Dexia Investor Services

Ex dividend dates March, September

Pay dates April, November

Stock ticker RICA LN

ISIN Number GB00B018CS46

Sedol Number B018CS4

Charges Annual management charge 1.0%
with no performance fee

Enquiries Alexander Bruce

Ruffer LLP
80 Victoria Street
London SW1E 5JL
Tel 020 7963 8215
Fax 020 7963 8175
abruce@ruffer.co.uk
www.ruffer.co.uk



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 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 JP Morgan Fleming Continental Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.

Ruffer LLP

Ruffer LLP manages funds exceeding £4.4bn on an absolute return basis, including over £1.5bn in open-ended Ruffer funds (as at 31 July 2009).