



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

JULY 2013

ISSUE 98

Share price as at 31 Jul 2013

224.50p

NAV as at 31 Jul 2013

Net Asset Value (per share)

217.46p

Premium/(discount) to NAV

As at 31 Jul 2013

3.2%

NAV total return¹

Since inception

153.5%

£ Statistics since inception

Standard deviation ²	1.99%
Maximum drawdown ³	-7.36%

¹Including 20.8p of dividends

²Monthly data (Total Return NAV)

³Monthly data (Total Return NAV)

Percentage growth in total return NAV

30 Jun 2012 – 30 Jun 2013	13.8
30 Jun 2011 – 30 Jun 2012	-0.3
30 Jun 2010 – 30 Jun 2011	8.8
30 Jun 2009 – 30 Jun 2010	21.8
30 Jun 2008 – 30 Jun 2009	18.6

Source: Ruffer LLP

Six monthly return history

Date	NAV (p)	TR NAV* (p)	% Total return
30 Jun 13	215.0	245.6	10.1
31 Dec 12	196.8	223.1	3.4
30 Jun 12	191.9	215.8	0.0
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 LLP

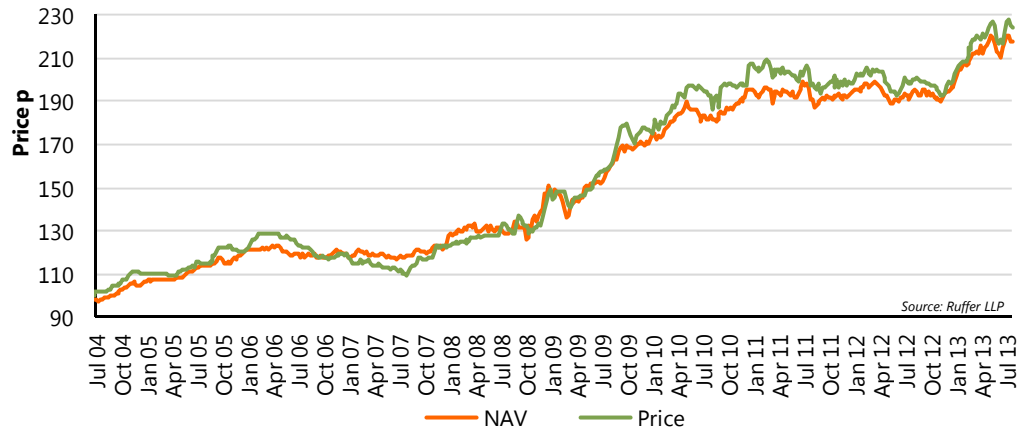
Dividends ex date: 0.5p 30 Mar 05, 7 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11, 1.6p on 29 Feb 12, 26 Sep 12 and 6 Mar 13

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 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.

RIC performance since launch on 8 July 2004



Source: Ruffer LLP

Investment report

Performance details

The net asset value at 31 July was 217.46p, representing a rise of 1.1% during the month. On a total return basis the FTSE All-Share rose by 6.8% in July.

Performance commentary

We did not capture the full effect of the bounce in equity markets given the defensive positioning of the company. We would expect to lag a rapidly rising market and, similarly, we would hope to protect investors from sharply falling markets. The last two months have shown this in microcosm; in June the UK equity market fell 5% and then bounced back by 7% in July, while the company's net asset value only fell 1% and then made this back. Of course, this is far too short a time period to analyse performance, but minimising volatility is an important part of our capital preservation objective and, over this short period, the portfolio seems to be behaving in this regard.

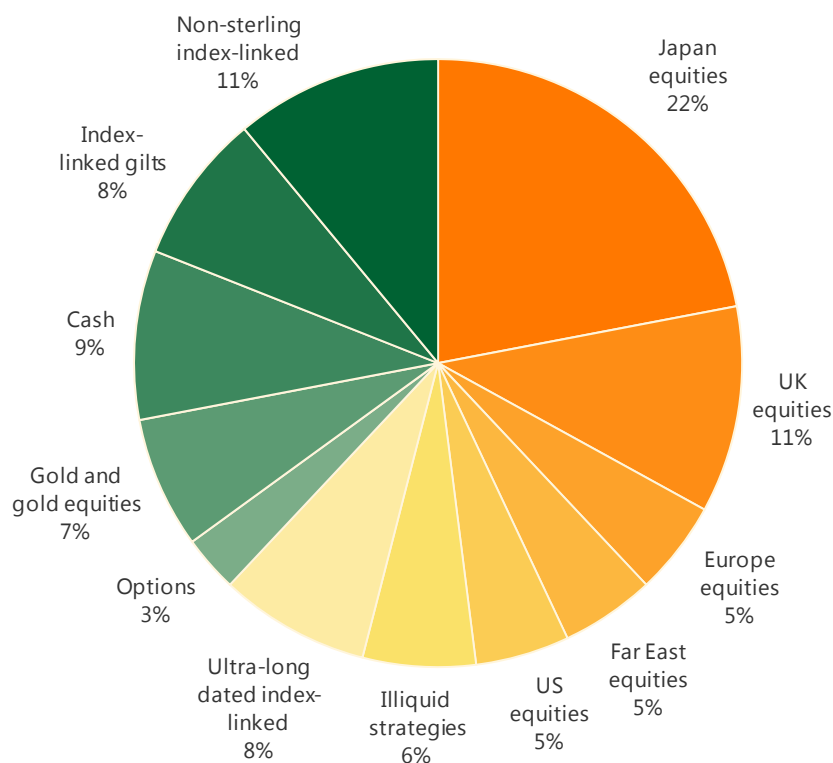
In terms of contributions to the performance during the month, the class dunce of many months put in a good showing; gold and gold mining equities added 0.6% to the return. Options cost us 0.5%, but most of the positions that did so well in June were sold at healthy profits at the start of the month. Our equity portfolio added 1% to the month's return. ITV rose 20% as the market endorsed efforts to make the business less reliant on advertising revenues. Invensys also rose 20% after a takeover approach from Schneider (Invensys has already sold its rail business to Siemens). Kao, the Japanese consumer goods company, made a voluntary recall of one of its cosmetics products and the shares subsequently fell 6%. Despite this setback, we are encouraged by management's swift and decisive response to the problem and we continue to hold the shares. Kao has been replaced in the top five equity positions by M1. This Singapore mobile telecoms company has been held for some time and has performed well, hence its 'promotion'. We met with management in July and they confirmed our belief in the investment case. This is a well run business with a strong balance sheet, an impressive track record of

returning cash to shareholders (the stock yields 4.5%) and it operates in a benign regulatory environment. On top of that, as a purely domestic business, it gives us exposure to the Singapore dollar, which ought to perform well in a deflationary shock (not our core thesis but a useful offset nonetheless).

The month was characterised by soothing words from central banks after the negative reaction of financial markets in June to talk of tighter monetary policy. Bernanke might feel that he has navigated this episode adeptly; he needed to fire a shot over the bows of speculators as a warning that easy money would not last forever, but did not want to spook markets so much as to endanger the recovery. Job done? Arguably he has succeeded in the short term, but there will be concerns within the Fed at the speed with which animal spirits have returned to the fray.

A potentially destabilising bump in the road was also safely navigated in Japan, where there were Upper House elections in July. Prime Minister Abe's two thirds majority in the Lower House was already sufficient to railroad his policies through the Upper House, but a good showing in these elections would demonstrate beyond doubt that his policies had the backing of the electorate. The expectation was that Abe would do well and, as such, there was scope for disappointment. With a solid victory (52% of the seats up for grabs taking his majority to 56%) his objective was achieved and Abe now has almost three years of uninterrupted government. This breathing space will be needed to put in place structural reforms, which, although necessary, will be unpopular; the increase in the sales tax being one such example. We should not be surprised that the election result was not met with the sort of jubilation that followed Abe's election and the subsequent changes in the Bank of Japan. The pace of change in Japan is likely to be slower from hereon in but if Abe is successful then the investment opportunity is as appealing as it was before.

Portfolio structure as at 31 Jul 2013



Source: Ruffer LLP

Ten largest holdings as at 31 Jul 2013

Stock	% of fund
1.25% Treasury index-linked 2017	7.0
Gold Bullion Securities	5.1
1.25% Treasury index-linked 2055	5.0
US Treasury 1.625% TIPS 2018	4.0
CF Ruffer Japanese Fund	3.5
US Treasury 0.125%TIPS 2022	3.3
Ruffer Protection Strategies	3.2
0.375% Treasury index-linked 2062	3.0
T&D Holdings	2.9
US Treasury 2.125% TIPS 2041	2.8

Five largest equity holdings* as at 31 Jul 2013

Stock	% of fund
Gold Bullion Securities	5.1
T&D Holdings	2.9
Vodafone	2.1
BP	1.9
M1	1.7

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV £326.6m (31 Jul 2013)

Shares in issue 150,188,416

Market capitalisation £337.2m (31 Jul 2013)

No. of holdings 58 equities, 8 bonds (31 Jul 2013)

Share price Published in the Financial Times

Market makers Canaccord Genuity
Cenkos Securities | Numis Securities
JPMorgan Cazenove | 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	GB00B018CS46
SEDOL	B018CS4
Charges	Annual management charge 1.0% with no performance fee

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Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2013, assets managed by the group exceeded £16.1bn.



HAMISH BAILLIE Investment Director

Joined Ruffer in 2002. Founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009 and is a director of Ruffer (Channel Islands) Limited. As well as acting as the lead manager on the Ruffer Investment Company he also manages investment portfolios for individuals, trusts, charities and pension funds. 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.