



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

JUNE 2009

ISSUE 50

Share price as at 30 Jun 2009

154.25p

NAV as at 30 Jun 2009

Net Asset Value

152.59p

Premium/(discount) to NAV

As at 30 Jun 2009

1.1%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

66.6%

£ Statistics since inception

Standard deviation ²	2.4%
Sharpe ratio ³	0.79
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 to 30 Jun 09

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



Source: Ruffer LLP

Investment report

The net asset value of the Fund is standing at 152.6p, up by 0.4% during the month. The share price went up by rather more, and is now on a small premium.

For a second month there were few features in the portfolio. Sterling strengthened, so the hedges did well, and money was made in the index-linked stocks. These rises were only nickels and dimes, and there was little movement in the equities.

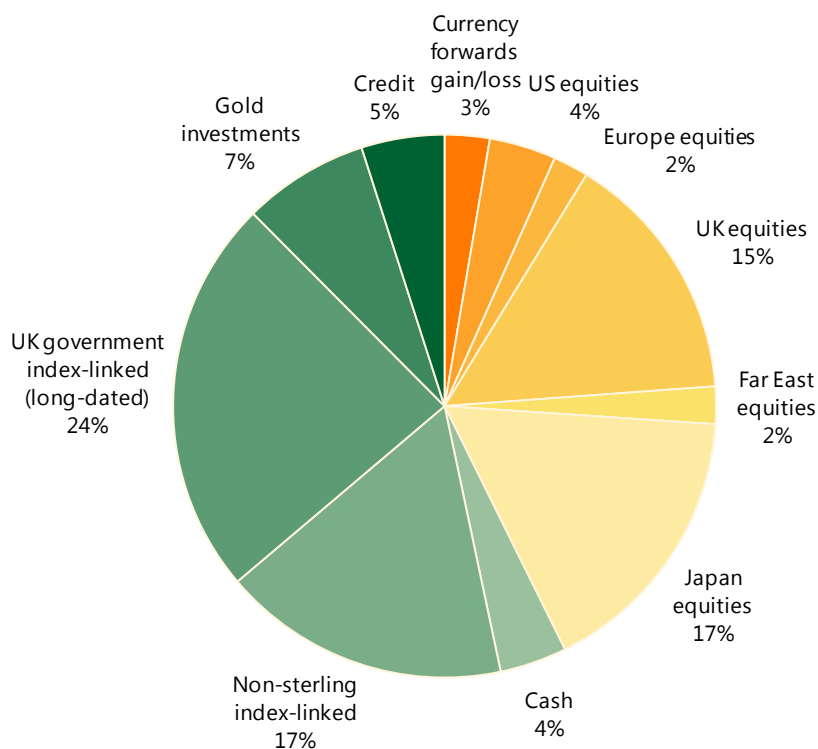
During the month, profits were taken on some Japanese financials (Mitsui Fudosan, Nomura and Mizuho) and reinvested in Sumitomo Mitsui, and two Japanese real estate investment trusts. On balance, thus far, the switches were a mistake, in that Mitsui Fudosan in particular has gone up by more than we have made in the purchases. Nevertheless we feel that the climate is set fair for the property market, and some of the riskier REITs have performed very well. (Parenthetically this bodes well for the investment trust which we hold, Japan Residential, which is trading on a 60% discount to asset value, and where the likelihood of rolling over the debt rescheduling next year is increasingly looking to have a favourable outcome.)

The effect of these purchases is to put into the portfolio high yielding stocks, and it confirms the policy that we have to try to ensure that more of the total return comes from income than from reliance on capital gain. For the first years of the portfolio, there was a healthy yield to be had, but it is only in the recent past that we have felt that it was safe to buy high-yielding stocks without a concomitant high risk in their capital value.

Outside Japan we have done quite little. The purchase of the Dutch telecom company (KPN) is a further step towards the increase in the yield of the fund, and it was funded from a partial sale of Colt in which we had nearly doubled our money in quite a short period of time. We also took profits in IG Group (a flip, whatever that is) and Annaly the American mortgage-backed securities investment vehicle. Right at the end of the month, we also took a profit in Singapore Airport – a big percentage gain (30%, very quickly) – but we had committed only a small amount of money to this.

The outlook remains as it has done for some time: a battle between inflation and deflation, and, on balance, a strongish equity market with the high-yielding steady-eddies taking over from the whizz-bangs.

Portfolio structure as at 30 Jun 2009



Source: Ruffer LLP

Ten largest holdings as at 30 Jun 2009

Stock	% of fund
1.25% Treasury index-linked 2017	9.5
USA Treasury 2.375% TIPS 2025	6.4
1.25% Treasury index-linked 2055	5.8
Japan (Govt Of) 1.3% index-linked 2017	5.1
Ruffer Illiquid Strategies Fund	4.9
Japan (Govt Of) 1.4% index-linked 2018	4.5
Sweden 3.5% index-linked 2028	3.7
1.875% Treasury index-linked 2022	3.3
Ruffer Japan Fund	3.0
CF Ruffer Baker Steel Gold Fund	2.6

Five largest equity holdings as at 30 Jun 2009

Stock	% of fund
Ruffer Illiquid Strategies Fund	4.9
Ruffer Japan Fund	3.0
Ruffer Baker Steel Gold Fund	2.6
BT Group	2.6
Kraft Foods	2.4

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV £136.0m (30 Jun 09)

Shares in issue 89,129,703

Market capitalisation £137.5m (30 Jun 09)

No. of holdings 42 equities, 8 bonds (30 Jun 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

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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 £4.1bn on an absolute return basis, including over £1.4bn in open-ended Ruffer funds (as at 30 June 2009).