



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

DECEMBER 2009

ISSUE 56

Share price as at 31 Dec 2009

176.75p

NAV as at 31 Dec 2009

Net Asset Value (per share)

170.32p

Premium/(discount) to NAV

As at 31 Dec 2009

3.8%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

87.7%

£ Statistics since inception

Standard deviation ²	2.22%
Sharpe ratio ³	1.00
Maximum drawdown ⁴	-7.36%

¹Including 10.0p of dividends

²Monthly data (Total Return NAV)

³Monthly data annualised (Total Return NAV)

⁴Monthly data (Total Return NAV)

Source: Ruffer LLP

Percentage growth

In Total Return NAV

31 Dec 08 – 31 Dec 09	15.1%
31 Dec 07 – 31 Dec 08	23.8%
31 Dec 06 – 31 Dec 07	6.0%
31 Dec 05 – 31 Dec 06	0.1%
31 Dec 04 – 31 Dec 05	14.0%

Source: Ruffer LLP

Six monthly return history

Date	NAV	% Total return
31 Dec 09	170.3p	12.6%
30 Jun 09	152.6p	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%

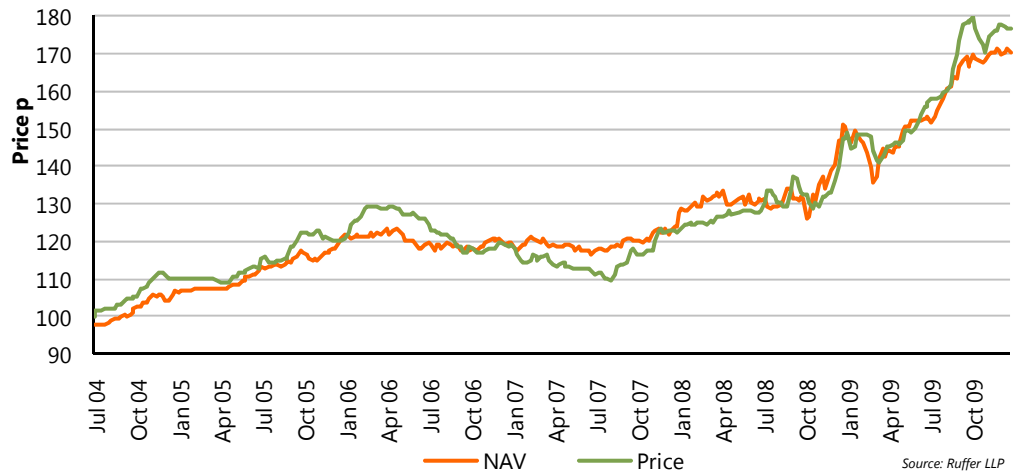
Source: Ruffer LLP

Dividends ex date: 0.5p 30 Mar 05, 31 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 and 31 Sep 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 170.32p, a fall of 0.6% during the month. The share price rose 0.3% in December and the premium over NAV was 3.8%.

During the month 1,850,000 new shares were issued under its block listing facility; the company has the ability to issue a further 6,412,969 shares. During the month the net asset value dropped slightly from 171.4p to 170.3p. The share price was almost unchanged, leaving the stock trading at a premium to net asset value at 3.8% (2.8% last month).

There were no striking movements in the asset values, although weakness in the index linked stocks and the gold holdings was the most notable feature, but these amounted to a net fall of the fund of a mere 1% of NAV in the former, and just under a half of 1% in the latter. The decision to put more weight on the US dollar was the most favourable feature of the portfolio.

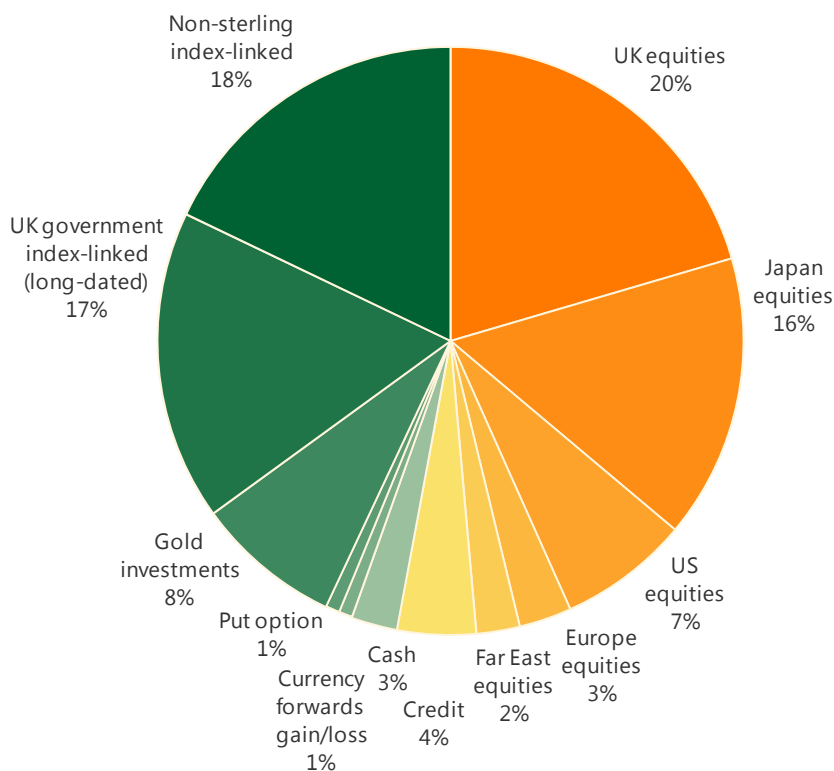
There were few deals during the month. A purchase was made of RSA (that is Royal Sun Alliance to you and me), which has got off to a decent start, and a purchase of Jon Molton's new private equity vehicle, which is quoted on AIM. This holding represents just under 1% of the value of the fund, and reflects the strong commitment of Ruffer LLP as a house to this venture, since we have bought, across all clients, just under 30% of this issue. We took a quick profit in Syngenta and reinforced the holding of Kroger. Kroger is a play on food inflation. The standard investments of Potash Mines and providers of GM crops are very favourably regarded by the market, and while we think that they will have a following wind, the story seems pretty well understood. This is the reason that we felt able to take a quick profit in Syngenta.

Kroger, the second biggest grocery chain in America (after Wal-Mart), was hit by a profit warning in early December, because of a disappointment in sales volume; it transpired that the reason for this was some unexpectedly fierce price-deflation in its food divisions during the previous quarter. We therefore felt that we have a variation on the theme that we liked, in a vehicle which is distinctly unloved by the investment community. Behind Kraft, it is now our biggest US stock.

Once again, our commitment to Japan has not been rewarded. We remain confident that the bank of Japan has renewed vigour to see the yen fall in value, and this was confirmed in a private meeting that we had with Hiroshi Nasako, who has engineered Japanese interest rates below those ruling in America. The purpose and effect of this is to ensure that it is now cheaper to borrow in yen than it is in Dollars. We therefore expect a weak currency and a strong stock market in Japan. We have revisited our exposure in the yen, and have covered the currency of our Japanese domestic equities, which would suffer within the portfolio from the fall of the currency, without a direct benefit to the perception of their earnings power as a result of this currency weakness. We continue to hold the financials and other trading companies with the full yen currency exposure, since we think that we will make more money on the stocks than we will lose on the currency translation. (This act has a protective element, since if we are wrong about the direction of the yen, these are the stocks that are likely to struggle in stock market terms, and we would hope that stock market weakness would be offset by currency strength.)

The overall picture of the portfolio remains pretty much unchanged.

Portfolio structure as at 31 Dec 2009



Source: Ruffer LLP

Ten largest holdings as at 31 Dec 2009

Stock	% of fund
1.25% Treasury index-linked 2017	8.6
US Treasury 2.375% TIPS 2025	5.9
1.25% Treasury index-linked 2055	5.6
US Treasury 1.625% TIPS 2015	5.1
Ruffer Illiquid Strategies Fund 2009 Ltd	4.3
US Treasury 1.75% TIPS 2028	4.3
Ruffer Baker Steel Gold Fund	3.6
BT	3.1
1.875% Treasury index-linked 2022	3.0
Vodafone	2.9

Five largest equity holdings* as at 31 Dec 2009

Stock	% of fund
BT	3.1
Vodafone	2.9
BP	2.7
Kraft Foods	2.5
Kroger	2.3

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£156.06m (31 Dec 2009)

Shares in issue

91,629,703

Market capitalisation

£161.96m (31 Dec 2009)

No. of holdings

48 equities, 8 bonds (31 Dec 2009)

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

Tel 020 7963 8215

Ruffer LLP

Fax 020 7963 8175

80 Victoria Street

abruce@ruffer.co.uk

London SW1E 5JL

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 £5.6bn on an absolute return basis, including over £2.0bn in open-ended Ruffer funds (as at 31 December 2009).