



AUGUST 2010

ISSUE 64

Share price as at 31 Aug 2010

192.50p

NAV as at 31 Aug 2010

Net Asset Value (per share)

181.45p

Premium/(discount) to NAV

As at 31 Aug 2010

6.1%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

101.7%

£ Statistics since inception

Standard deviation ²	2.14%
Maximum drawdown ³	-7.36%

¹Including 11.5p of dividends

²Monthly data (Total Return NAV)

³Monthly data (Total Return NAV)

Source: Ruffer LLP

Percentage growth in total return NAV

30 Jun 09 – 30 Jun 10	21.8%
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%

Source: Ruffer LLP

Six monthly return history

Date	NAV (p)	TR NAV * (p)	% Total return
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
30 Jun 07	116.7	120.0	-1.4
31 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, 30 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 and 3 Mar 10

RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

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 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 company currently stands at 181.45p, a fall of 0.1% during the month. The share price fell 0.3% in August and the premium over NAV was 6.1%. The principal currency exposures at the end of July were 65% sterling and 23% US dollar.

The volatility in risk assets, visible throughout this year, continued to exhibit itself in August. With double-dippers and deflationists in full cry on the back of weakening economic data in the US, shares there declined over 4% on the month, while the UK and Japanese markets narrowly failed to hold on to their July gains. On the other end of the see-saw protective assets shot back into fashion, with UK gilts rising over 4% and gold recording a rise of over 6% in US dollar terms, amplified further by a near 2% decline in the pound against the US currency.

Such volatility clearly carries with it the risk of whipsawing; we endeavour to keep our eyes on what we see as the final inflationary destination, while fully acknowledging that there will be deflationary potholes en route. Indeed, as we said last month, our inflationary protection, in the form of index-linked bonds, have behaved just fine through this recent period, as their bond element has trumped their inflation element; our article of faith of not trying to time markets means we have no intention of trying to finesse a purchase of conventional bonds, however great their immediate attractions might at times appear.

We continue to believe that the corporate wallet will continue to open, whether in the direction of mergers and acquisitions or reviving capital spending, and it is this factor

that we feel will most likely keep the double dip at bay. We likewise continue to keep the faith in Japan, where we see a policy shift to currency intervention and quantitative easing as having been postponed rather than cancelled in the wake of both the dash for austerity and the quagmire which is domestic Japanese politics. A further support to this hope is seeing the 'Magainot Line' of 85 yen to the dollar being flirted with, and indeed recently breached. Indeed we see our Japanese equities as both offensive and protective; the former because they are after all equities, and in the case of the holdings in banks, brokerages and life companies, they generally exhibit a beta greater than one; on the other hand they are protective to the extent that if bond yield curves steepened without inflation, the Japanese life companies would be the main offset to our golden egg within our index-linked holdings, namely our holding in the UK 2055 issue, which one might expect to perform badly in such circumstances.

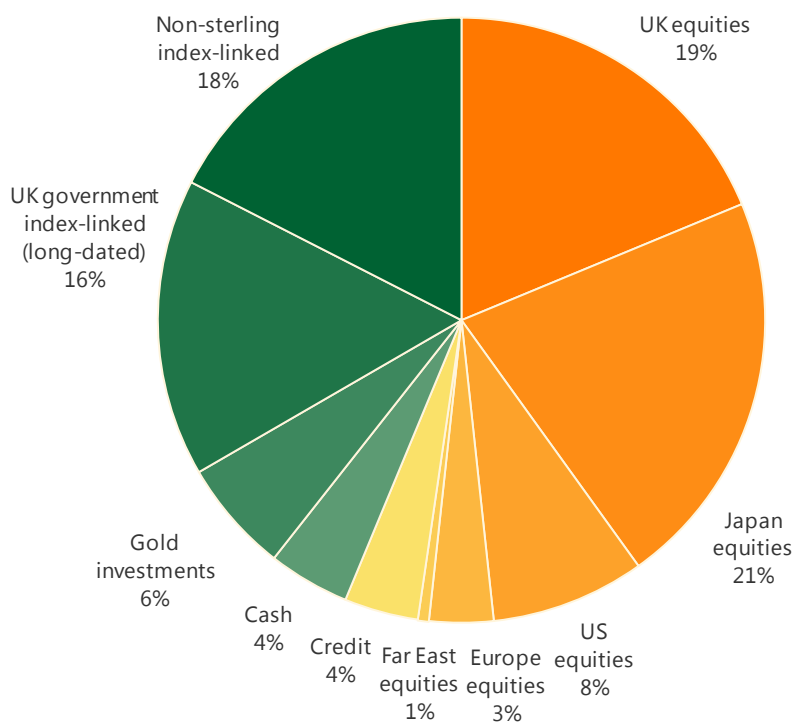
Elsewhere we initiated a new equity position in GlaxoSmithKline, which fits into our theme of investing in large companies with rock-solid balance sheets and high and sustainable dividends, and where we feel that the company's growth prospects are underappreciated.

It was announced on 1 September that the board of Ruffer Investment Company Limited proposed to undertake a private placement of shares, seeking to raise up to £50 million. The prospectus is available for inspection at the National Storage Mechanism which is located at www.hemscott.com/nsm.do and also on Ruffer's website (www.ruffer.co.uk).

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.

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Portfolio structure as at 31 Aug 2010



Source: Ruffer LLP

Ten largest holdings as at 31 Aug 2010

Stock	% of fund
1.25% Treasury index-linked 2017	8.2
US Treasury 2.375% TIPS 2025	6.0
1.25% Treasury index-linked 2055	5.0
US Treasury 1.625% TIPS 2015	4.9
US Treasury 1.625% TIPS 2018	4.1
Ruffer Illiquid Strategies Fund 2009 Ltd	4.0
Vodafone	3.7
CF Ruffer Baker Steel Gold Fund	3.6
1.875% Treasury index-linked 2022	2.8
Japan (Govt Of) 1.2% index-linked 2017	2.7

Five largest equity holdings* as at 31 Aug 2010

Stock	% of fund
Vodafone	3.7
Kroger	2.5
NTT Data Corporation	2.3
Tesco	2.3
T&D Holdings	2.2

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£177.9m (31 Aug 2010)

Shares in issue

98,042,672

Market capitalisation

£188.7m (31 Aug 2010)

No. of holdings

52 equities, 7 bonds (31 Aug 2010)

Share price

Published in the Financial Times

Market makers

ABN AMRO
Cazenove
Cenkos Securities
Numis Securities
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

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 £8.2bn on an absolute return basis, including over £3.3bn in open-ended Ruffer funds (as at 31 August 2010).

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