



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

NOVEMBER 2011

ISSUE 78

Share price as at 30 Nov 2011

198.00p

NAV as at 30 Nov 2011

Net Asset Value (per share)

192.82p

Premium/(discount) to NAV

As at 30 Nov 2011

2.7%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

119.5%

£ Statistics since inception

Standard deviation ²	2.08%
Maximum drawdown ³	-7.36%

¹Including 16.0p of dividends

²Monthly data (Total Return NAV)

³Monthly data (Total Return NAV)

Percentage growth in total return NAV

30 Sep 2010 – 30 Sep 2011	5.6%
30 Sep 2009 – 30 Sep 2010	12.3%
30 Sep 2008 – 30 Sep 2009	30.3%
30 Sep 2007 – 30 Sep 2008	10.5%
30 Sep 2006 – 30 Sep 2007	3.5%

Source: Ruffer LLP

Six monthly return history

Date	NAV (p)	TR NAV* (p)	% Total return
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
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

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, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11

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 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 at the end of November 2011 was 192.8p, up by 0.4% on the month. The fund is now showing a small rise year to date on a total return basis.

The relentless falls in the market throughout the month dragged the portfolio into negative territory, but the very sharp rally at the end of the period took the portfolio positive. The rise in the equities more than compensated for the setback in the UK index-linked market and the pull back in the dollar.

These extraordinarily volatile markets give one a real chance to see how effectively the offsets work. One of the most interesting, since it is somewhat counter-intuitive, has been the relationship of UK index-linked gilts and our Japanese life assurance company, T&D Holdings. We have maintained that the offsetting character of the latter derives from the fact that it benefits when long duration government assets have a high yield, and when the differential between short term interest rates and long term interest rates is high (an upward sloping yield curve). When the index-linked stocks were making out like bandits for us, T&D seemed to be drinking hemlock. The positions have reversed, and the fear that we have regularly expressed (that the index-linked market will be taken down in sympathy with a falling conventional gilt market) is vitiated: we have some protection in the portfolio.

Once again, the dollar has proved itself a contrarian investment, giving ground when equities rally, and vice versa. We believe that the situation has changed, and that we are likely to see strength in the dollar regardless of the short term direction of the market. A global growth dynamic now appears much more likely to be US centric, with the European and Asian growth stories more questionable, in relative terms at least. As such, money may prove less easy in the

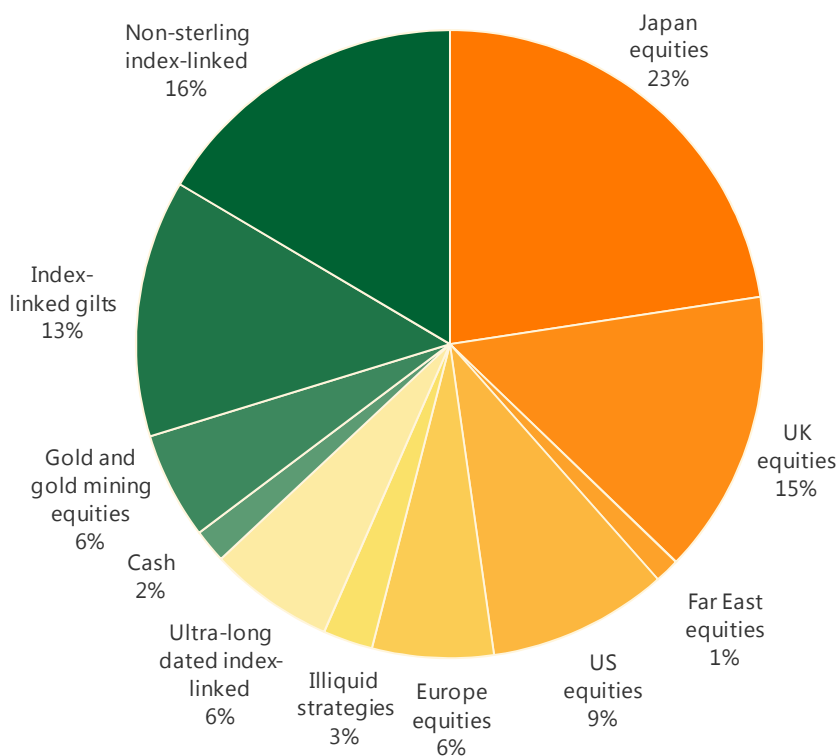
US relative to expectations than in the rest of the world, where monetary ease is intensifying, with knock-on impacts likely on relative currency strength. In this regard the character of our long positions in the dollar is somewhat changing: more of a sword than a shield – although we think it will play that latter role more than satisfactorily.

It was a quiet time for deals. We sold some Wal-Mart shares ahead of the figures, but it is still 2.3% of the portfolio. We did much the same to NTT in Japan (now 2.4%); we reinvested the proceeds of the Japanese sale in an old friend, Japan Real Estate REIT which enjoys a highish yield. This sector which had held up well (and which we sold out of at higher prices) has fallen and seems to us to be good value again. We bought Carphone Warehouse, (again a stock that we have held before) in the dark days of late November, and that has recovered sharply from the purchase price.

All this is really noise. Engagement with these markets is a bit like wrestling with a porcupine; it is a creature better left alone. We are much encouraged that the act of leaving it alone, and not trying to switch in and out, has largely resulted in the portfolios remaining static in value. We are certainly more comfortable to be showing a slight increase on the year with the inflation-linked bonds somewhat lower in their valuations, since they remain pivotally the right asset class to own, and the danger is that the price has got ahead of itself. From an early December viewpoint, to have left the positions pretty fully in place, except for a fair amount of sales of the American long-dated TIP, feels about right.

At the Annual General Meeting of the Company held on 24 November 2011, all Ordinary Resolutions set out in the AGM Notice sent to shareholders dated 14 October 2011 were duly passed.

Portfolio structure as at 30 Nov 2011



Source: Ruffer LLP

Ten largest holdings as at 30 Nov 2011

Stock	% of fund
1.25% Treasury index-linked 2017	7.5
1.25% Treasury index-linked 2055	6.4
US Treasury 1.625% TIPS 2018	5.0
US Treasury 1.625% TIPS 2015	4.8
Vodafone	3.4
US Treasury 2.125% TIPS 2040	3.4
US Treasury 1.875% TIPS 2015	3.3
2.5% Treasury index-linked 2013	3.0
CF Ruffer Baker Steel Gold Fund	3.0
CF Ruffer Japanese Fund	2.9

Five largest equity holdings* as at 30 Nov 2011

Stock	% of fund
Vodafone	3.4
T&D Holdings	2.7
BT	2.5
Koninklijke KPN	2.5
Nippon Telegraph & Telephone	2.4

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£255.5m (30 Nov 2011)

Shares in issue

132,488,416

Market capitalisation

£262.3m (30 Nov 2011)

No. of holdings

48 equities, 8 bonds (30 Nov 2011)

Share price

Published in the Financial Times

Market makers

ABN AMRO | Cazenove
Cenkos Securities | Collins Stewart
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

Stock ticker

RICA LN

ISIN Number

GB00B018CS46

Sedol Number

B018CS4

Charges

Annual management charge 1.0%
with no performance fee

Enquiries

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Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2011, funds managed by the group exceeded £12.6bn, of which over £5.3bn was managed in open-ended Ruffer funds.



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.



HAMISH BAILLIE
Investment Director

Joined Ruffer in 2002. He founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009. He manages investment portfolios for individuals, trusts, charities and pension funds and is part of the team managing the Ruffer Investment Company which is listed on the London Stock Exchange. 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 JP Morgan Fleming Continental Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.