



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

MAY 2009

ISSUE 49

Share price as at 29 May 2009

149.00p

NAV as at 29 May 2009

Net Asset Value

152.01p

Premium/(discount) to NAV

As at 29 May 2009

-2.0%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

62.7%

£ Statistics since inception

Standard deviation ²	2.4%
Sharpe ratio ³	0.73
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 31 Mar 09

31 Mar 08 – 31 Mar 09	+9.4%
31 Mar 07 – 31 Mar 08	+14.4%
31 Mar 06 – 31 Mar 07	-1.7%
31 Mar 05 – 31 Mar 06	+15.2%
31 Mar 04 – 31 Mar 05	n/a

Source: Ruffer LLP

Six monthly return history

Date	NAV	% growth
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%

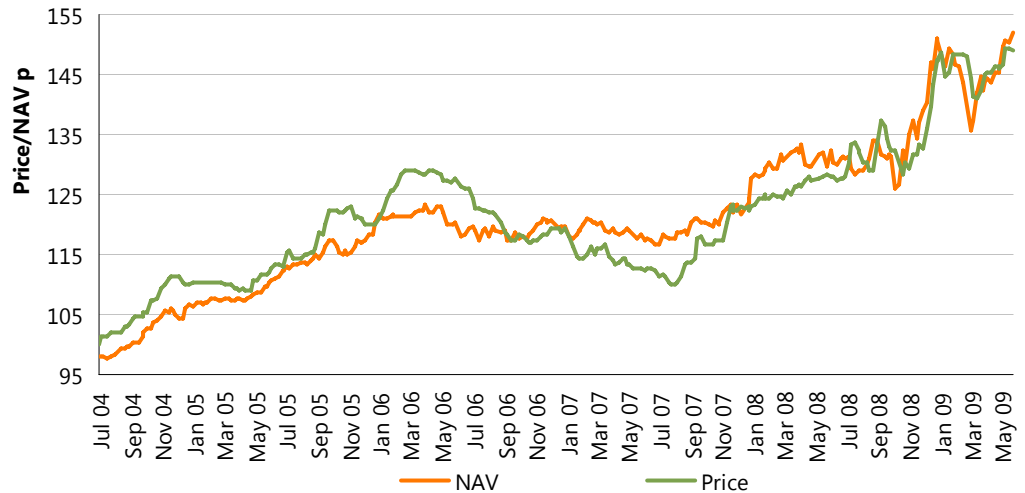
Source: Ruffer LLP

Dividends paid 0.5p 30 Mar 05, 7 Sept 05, 31 Mar 06, 27 Sept 06, 1.25p 30 Mar 07, 28 Sept 07, 31 Mar 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

During May the Fund price rose by 1.9%. This compared with a rise of 4.2% in the FTSE All-Share Index, and a fall of 1.0% in the FTSE All-Stocks Index (both figures total returns in sterling).

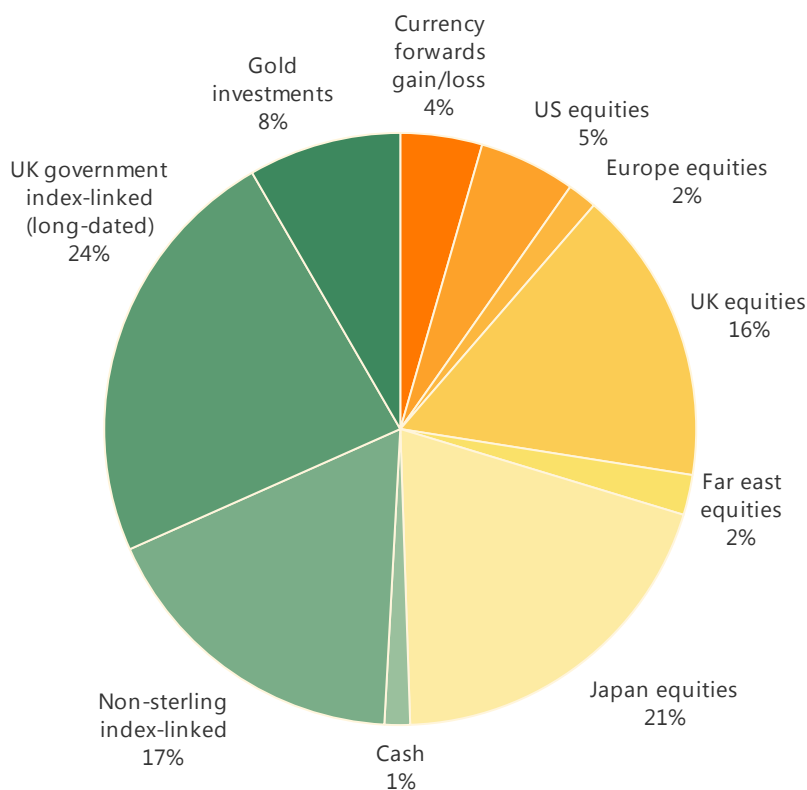
It was a busy month in a Snow White and Seven Dwarfish sort of way – more ho-hum, perhaps, than hey-ho. The tinkering had a bias towards increasing the income of the fund. We bought Vodafone, an unlovely stock, much unloved, and took some trading profits on BP, ex dividend, to fund this. We took profits in Invensys, but again, simply bringing it back to a standard unit of investment. The fundamentals on Annaly are no longer as attractive as they were, and we have halved the position in this, and reduced our gold weighting somewhat by selling the majority of the Newmont shares. In terms of broad strokes of strategy, this was more Bermondsey than Belgravia.

It has left the portfolio with our existing big bets. Index-linked is largely unchanged on the month, gold rather better, contributing about half the performance over the month. The remainder came from the Japanese Financials (and other high-beta stocks in that country) – they made money even in sterling terms, and when the sterling/yen hedges are taken into account, they have done well.

The weakness of sterling was the major driver of performance in 2008, and it is with considerable relief that I can report that the hedges which were put in place soon thereafter against both the dollar and the yen have been vital in the preservation of wealth. Generally speaking, however, the last month's positive performance was achieved more by an absence of counters which went down, rather than anything particularly going upwards.

We do not feel that we are shaping up for a major change in the shape of the portfolio. We are by no means bearish on the equity markets, but we do think that the baton is likely to pass from the economy-sensitive and financial stocks to the high yielding dullards and doggards which have pointedly underperformed the rally in the market up until now. The rally was induced by the federal reserve targeting the credit markets, so that it was derivative traders, not the old fashioned long only investor who enjoyed the ride. There are many investment houses hoping that the rally is not soundly based – on the balance of probabilities we think they will lose their nerve, and what better way to partake than by switching yieldless cash into high yielding 'safe' equities?

Portfolio structure as at 29 May 2009



Source: Ruffer LLP

Ten largest holdings as at 29 May 2009

Stock	% of fund
1.25% Treasury index-linked 2017	9.4
USA Treasury Notes 2.375% TIPS 2025	6.4
1.25% Treasury index-linked 2055	5.5
Japan (Govt Of) 1.3% index-linked 2017	5.1
Japan (Govt Of) 1.4% index-linked 2018	4.6
Sweden 3.5% index-linked 2028	3.8
Mitsubishi UFJ Financial Group	3.4
1.875% Treasury index-linked 2022	3.3
Ruffer Japan Fund	3.0
Ruffer Baker Steel Gold Fund	3.0

Five largest equity holdings as at 29 May 2009

Stock	% of fund
Mitsubishi UFJ Financial Group	3.4
Kraft Foods Inc	2.5
Mitsui Fudosan	2.5
Nippon Telegraph & Telephone	2.5
Itochu Corp	2.4

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV £135.5m (29 May 09)

Shares in issue 89,129,703

Market capitalisation £132.8m (29 May 09)

No. of holdings 46 equities, 8 bonds (29 May 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

Enquiries Alexander Bruce

Ruffer LLP
80 Victoria Street
London SW1E 5JL
Tel 020 7963 8215
Fax 020 7963 8175
abruce@ruffer.co.uk
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 £4.0bn on an absolute return basis, including over £1.4bn in open-ended Ruffer funds (as at 29 May 2009).