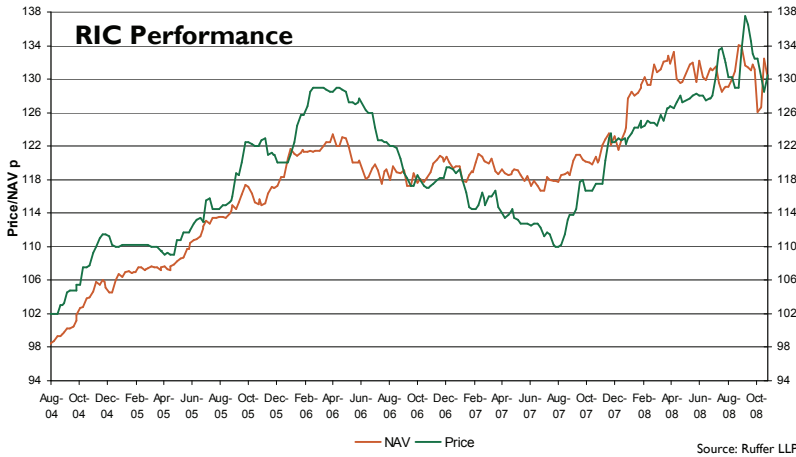




RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

Share price	130.50p	31 Oct 2008
Net Asset Value (NAV)	130.10p	31 Oct 2008
Premium (Discount) to NAV	+0.3%	31 Oct 2008
Launch price	100.00p (8 July 04)	



Performance since inception - RIC A Class

Total return (NAV)¹ +39.9%

£ Statistics since inception

Standard Deviation² 1.46%

Sharpe ratio³ 0.83

Maximum drawdown⁴ -3.5%

1—Including 7.0p dividend; 2—Monthly data

3—Monthly data annualised; 4—Monthly data. Including 7.0p dividend

Source: Ruffer LLP

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.

Investment Report

The net asset value of the portfolio at the end of October was 130.10p down 0.3% on the month (total return), up by 6.8% year to date. The annual total return, on the basis of net asset value, has been 6.8%.

One of the golden rules when markets are in turmoil is to put the shutters down, and refrain from all dealing, for better or for worse: it is usually safer to take shelter wherever one happens to find oneself. Needless to say, we have ignored our own advice, and we have had a more active time of dealing than any other month in the history of the investment trust.

The main activity was a continuation of the move which we made in September. We have sold down our Swiss bonds – first the short-dated, which were little more than cash equivalent denominated in the Swiss Franc, and, later in the month, our exposure to the long end of the market.

We purchased substantial positions in the Japanese government index-linked stock of 2017 and 2018 (just over 14%), and also, excitingly, on that terrible day of 10 October, we put 4% of the fund into Japanese financials. The result is that we now have 14% of our portfolio in Japanese equities. This is divided into financials (7%) and utilities (7%) – these should be seen as quite different investment opportunities, and investors should, in my view, consider them as separate asset classes, rather than as one. The financials have a high beta, and are in place to take advantage of a détente between the US and Japan (good for Dollar, bad for Yen, good for stock markets, and particularly good for Japanese financials) and the utilities, which would shine most strongly in the continuation of deflationary conditions, and a strong Yen.

We cut a reckless purchase of Prudential almost at all-square – at prices which looked sensationally right only three weeks later. We took a turn in some BP. We put in small positions in Electric & General, Johnson & Johnson, Invensys, Colt Telecom and Ericsson, and sold some Swisscom and Glaxo.

The overall effect of these moves has been to consolidate what has been a successful move into the Yen. We think that the advantages that have accrued to the portfolio of big positions in the Yen currency are at risk, first from profit taking, and secondly from a rapprochement with America. By holding these big currency positions in index-linked and financials, we think that we have a much less monochrome investment, and that, to Sterling holders, the present Japanese dispositions are counter-intuitively safer than they would be held in cash or cash equivalents. Outside these big moves, index-linked were weak, losing the fund 1.6% (net of Japan), and gold, for similar reasons also lost ground – dropping by 1.3% of the value of the portfolio. On balance, the last two months have cost the portfolio only 2% of the value of the fund, and I report this with some relief.

Percentage Growth in NAV to 30 September 2008

30 Sep 07 - 30 Sep 08	30 Sep 06 - 30 Sep 07	30 Sep 05 - 30 Sep 06	30 Sep 04 - 30 Sep 05	30 Sep 03 - 30 Sep 04
+10.5%	+1.3%	+1.2%	+16.0	n/a

Source: Ruffer LLP

Past performance is not a guide to the future. 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.

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Ten largest holdings

31 Oct 2008

Stock	% of Fund
UK Treasury 1.25% 2017	9.3%
US TIPS 2.375% 2025	6.6%
Japan Index Linked 1.3% 2017	5.9%
Japan Index Linked 1.4% 2018	5.3%
UK Treasury 4.25% 2011	5.3%
UK Treasury 5% 2012	4.5%
Gold Bullion	3.8%
BP	3.3%
Annaly	3.1%
Japan Index Linked 1.2% 2017	3.0%

Five largest equity holdings

31 Oct 2008

Stock	% of Fund
BP	3.3%
Annaly	3.1%
Nippon Telegraph & Telephone	2.7%
Seven Eleven	2.0%
Prodesse	1.8%

Source: Ruffer LLP

RUFFER INVESTMENT COMPANY

Six monthly return history

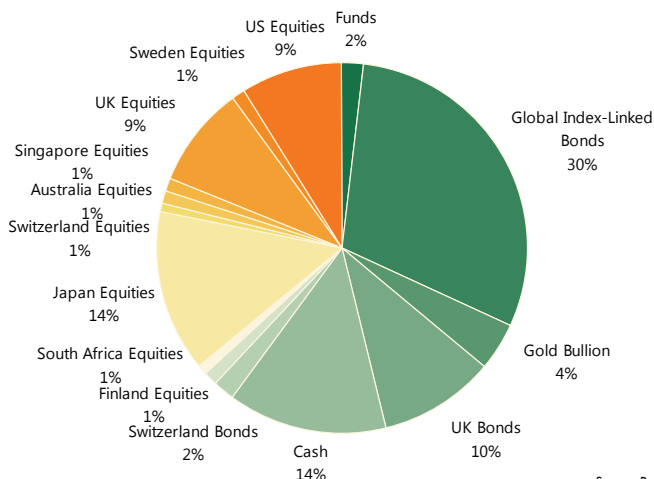
Date	31 Dec 04	30 Jun 05	30 Dec 05	30 Jun 06	31 Dec 06	30 Jun 07	31 Dec 07	30 Jun 08
NAV	106.7p	112.2p	120.5p	119.4p	119.6p	116.7p	124.2p	131.30p
% Growth	+8.9%	+5.6%	+7.8%	-0.5%	+0.6%	-1.4%	+7.5%	+6.7%

Ex dividend 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 01 Oct 08

Source: Ruffer LLP

Geographical Allocation

31 Oct 2008



Source: Ruffer LLP

Notes: (i) The Company may invest up to 10% in other listed collective vehicles although in certain circumstances the Company may invest up to 15% in other listed collective vehicles (see Prospectus for details).

(ii) Currency risk actively managed within the Company.

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

GB00B018C546

Sedol Number

B018CS4

Enquiries

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80 Victoria Street
London SW1E 5JL

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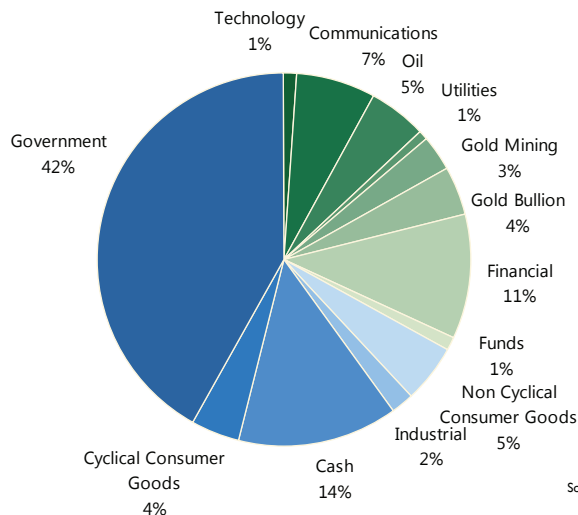
Email: abruce@ruffer.co.uk
Web: www.ruffer.co.uk

RUFFER LLP

Ruffer LLP manages funds exceeding £3.0bn on an absolute return basis, including over £714.3m in open-ended Ruffer funds (as at 31 October 2008).

Asset Allocation

31 Oct 2008



Source: Ruffer LLP

Sponsoring Broker

UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Charges

Annual management charge 1.0% with no performance fee

NAV Valuation Point

Weekly: Friday midnight
Last business day of the month

NAV

£116.0m (31 Oct 08)

Shares in issue

89,129,703

Market capitalisation

£116.3m (31 Oct 08)

No. of holdings

43 equities, 8 bonds (31 Oct 08)

Share price

Published in the Financial Times

Market Makers

UBS Investment Bank
Winterflood Securities
Panmure Gordon
ABN AMRO



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 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer LLP in September 2003. He became a non-executive director of JP Morgan Fleming Continental Investment Trust in 2005.

Past performance is not a guide to the future. 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.

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