

**AUGUST 2013**

ISSUE 99

Share price as at 30 Aug 2013**220.75p****NAV as at 30 Aug 2013**

Net Asset Value (per share)

215.57p**Premium/(discount) to NAV**

As at 30 Aug 2013

2.4%**NAV total return¹**

Since inception

151.3%**£ Statistics since inception**

Standard deviation ²	1.99%
Maximum drawdown ³	-7.36%

¹Including 20.8p of dividends²Monthly data (Total Return NAV)³Monthly data (Total Return NAV)**Percentage growth in total return NAV**

30 Jun 2012 – 30 Jun 2013	13.8
30 Jun 2011 – 30 Jun 2012	-0.3
30 Jun 2010 – 30 Jun 2011	8.8
30 Jun 2009 – 30 Jun 2010	21.8
30 Jun 2008 – 30 Jun 2009	18.6

Source: Ruffer LLP

Six monthly return history

Date	NAV (p)	TR NAV* (p)	% Total return
30 Jun 13	215.0	245.6	10.1
31 Dec 12	196.8	223.1	3.4
30 Jun 12	191.9	215.8	0.0
30 Dec 11	193.5	215.8	-0.3
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
29 Jun 07	116.7	120.0	-1.4
29 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

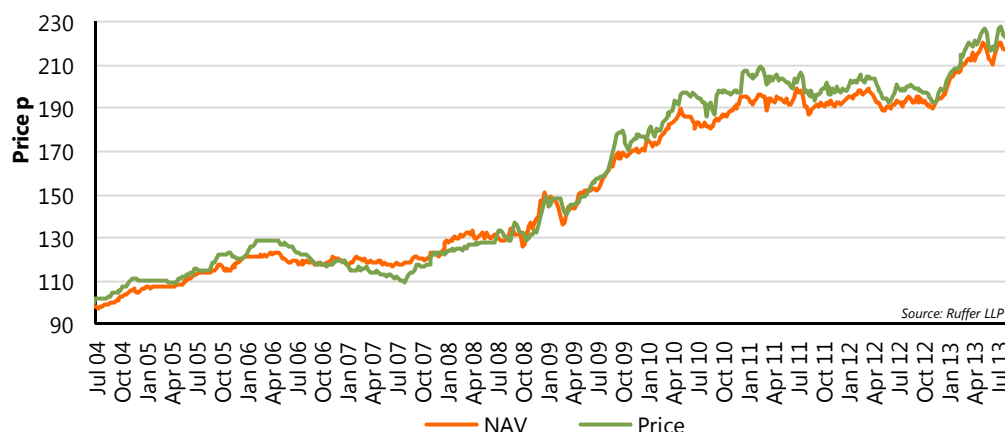
Dividends ex date: 0.5p 30 Mar 05, 7 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11, 1.6p on 29 Feb 12, 26 Sep 12 and 6 Mar 13

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.

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 predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

RIC performance since launch on 8 July 2004**Investment report****Performance details**

The net asset value at 30 August was 215.6p, representing a fall of 0.9% during the month. On a total return basis the FTSE All-Share fell by 2.2% in August.

Investment review

In France the year starts on 1 September with the great *Rentrée*, when French workers return to their desks from summer holidays. Although things work differently in the UK, there is nothing like the cathartic experience of compliance training in August to make one consider new resolutions and review past objectives. For that reason now seems as good a moment as any to take a step back and look at what we are trying to do for investors.

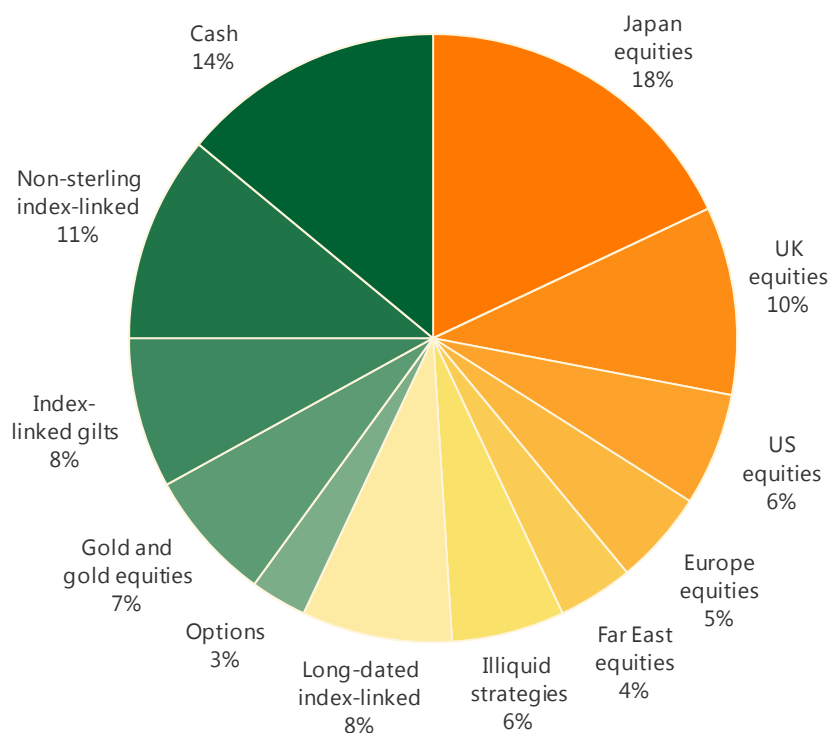
In the past we have been described by investors as both a *bear market operator* and as *portfolio insurance*. I am not convinced that either was intended as a compliment and both are inaccurate for separate reasons. The investment objective of the company is to produce a return of at least twice Bank of England Bank Rate. Some of the more astute readers might remark that with bank rate set at 0.5% this is not a hard taskmaster. True, but an aspiration to reproduce some of the characteristics of cash, namely not to lose money, is an essential starting point for an absolute return investor. The man in the street does not have a social duty to be invested and thus cash should be seen as our true competitor. Our emphasis will always be on not losing money rather than focussing on how much we can make for investors. This has been our approach since the company was founded and we have tried to

position our asset allocation as best we can in order to protect our investors and make steady positive progress. If we can achieve this in good markets and bad then the compounding effect, as described in our last monthly review, is significant. For this reason the moniker *bear market operator* is unjust and will only ever be heard from a relative return investor – in theory, if we achieve our investment objective then we should perform in the same manner in both bull and bear markets. Of course, in the real world this can never be certain, which is why *portfolio insurance* is a dangerous way to view the Ruffer Investment Company. Ideally, our returns will show a low level of correlation to other assets in our investors' portfolios, but in a world of increasing correlation between different asset classes (the rising tide of quantitative easing has floated most boats) this is far from assured.

Compliance training teaches us never to use the word *guarantee* but it can be guaranteed that we will experience negative returns and we need to ensure that the quantum and duration of such occurrences are minimised. This has not been a problem over the last 12 months (the NAV total return has been +13.8%) but we will be tested in the future.

In terms of activity in the portfolio during the month, it has been a relatively quiet period. We have taken some profits in a number of equities, which has reduced our overall weighting to 43% and our cash weighting has risen to 14%.

Portfolio structure as at 30 Aug 2013



Source: Ruffer LLP

Ten largest holdings as at 30 Aug 2013

Stock	% of fund
1.25% Treasury index-linked 2017	7.0
Gold Bullion Securities	5.4
1.25% Treasury index-linked 2055	5.1
US Treasury 1.625% TIPS 2018	3.9
US Treasury 0.125% TIPS 2022	3.2
Ruffer Protection Strategies	3.2
0.375% Treasury index-linked 2062	3.0
T&D Holdings	2.8
US Treasury 2.125% TIPS 2041	2.7
Ruffer Illiquid Strategies Fund 2009 Ltd	2.0

Five largest equity holdings* as at 30 Aug 2013

Stock	% of fund
Gold Bullion Securities	5.4
T&D Holdings	2.8
BP	1.9
Vodafone	1.9
Japan Residential Investment Company	1.7

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£324.6m (30 Aug 2013)

Shares in issue

150,588,416

Market capitalisation

£332.4m (30 Aug 2013)

No. of holdings

56 equities, 8 bonds (30 Aug 2013)

Share price

Published in the Financial Times

Market makers

Canaccord Genuity
Cenkos Securities | Numis Securities
JPMorgan Cazenove | 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	Northern Trust (Guernsey) Limited
Ex dividend dates	March, September
Stock ticker	RICA LN
ISIN	GB00B018CS46
SEDOL	B018CS4
Charges	Annual management charge 1.0% with no performance fee

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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 August 2013, assets managed by the group exceeded £16.0bn.



HAMISH BAILLIE Investment Director

Joined Ruffer in 2002. Founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009 and is a director of Ruffer (Channel Islands) Limited. As well as acting as the lead manager on the Ruffer Investment Company he also manages investment portfolios for individuals, trusts, charities and pension funds. 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 JPMorgan European Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.