RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

APRIL 2010
ISSUE 60

Share price as at 30 Apr 2010

192.50p

NAV as at 30 Apr 2010
Net Asset Value (per share)

185.28p

Premium/(discount) to NAV
As at 30 Apr 2010

3.9%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception
Total Return (NAV)[1]

105.9%

£ Statistics since inception

Standard deviation[2]	2.35%
Maximum drawdown[3]	-7.36%

[1]Including 11.5p of dividends
[2]Monthly data (Total Return NAV)
[3]Monthly data (Total Return NAV)

Source: Ruffer LLP

Percentage growth

In Total Return NAV	
31 Mar 09 – 31 Mar 10	29.6%
31 Mar 08 – 31 Mar 09	9.4%
31 Mar 07 – 31 Mar 08	14.1%
31 Mar 06 – 31 Mar 07	-1.7%
31 Mar 05 – 31 Mar 06	15.2%

Source: Ruffer LLP

Six monthly return history

Date	NAV	% Total return
31 Dec 09	170.3p	12.6%
30 Jun 09	152.6p	2.2%
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%

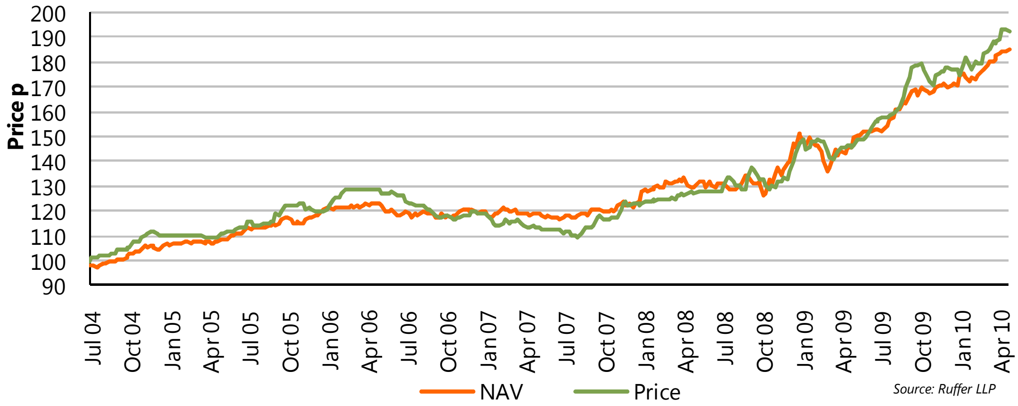
Source: Ruffer LLP

Dividends 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

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



Investment report

The net asset value of the Company currently stands at 185.28p, a rise of 2.1% during the month. The share price rose 2.8% in March and the premium over NAV was 3.9%.

During April, the remainder of the block-listing facility was activated, with the result that there are now just over 98 million shares in issue. This is an increase of 10% on the total in issue before this initiative.

During the month a number of deals were done, although it did not much change the shape of the portfolio. The most exciting thing was, in reality, little more than window dressing. Having run a big position in BP, we sold about a third of the holding at prices between 620p and just over 650p; we bought them back at the month end following their fall on the shocking news in the Gulf of Mexico. It is once again a large equity position for the fund. We also took a small profit by selling RSA Insurance in the middle of the month, and buying it back, at a cheaper price at the month end. Other sales included a quick and splendid profit in ASOS (this trade will in future be known as the Usain Bolt trade), and we have made some changes in our riskier equity positions which is worth some explanation.

First, what we have done: we have sold some Lihir Gold, and all our Mitsui, the rest of our Itochu, and ConocoPhillips, reinvesting in Japanese financials, and Texas Instruments. (We also switched out of a first tranche of Itochu at the end of March, and invested in NTT Data Corporation.)

What is the nature of this trade? The sales are, to a greater or lesser extent, sales in the commodity sector: Mitsui and Itochu are Japanese merchanters, the former particularly relying on the base-metal cycle for its prosperity. Not only had these sectors performed well over the course of the first quarter of 2010, but we felt that the tightening in China, for long a rumour, is becoming a reality. As so often happens, a number of factors have taken the shine off this sector, and we have favoured reinvestment in direct beneficiaries of corporate capital investment. There is no doubt that quantitative easing has seen a transference of balance sheet strength from governments to corporations. We have therefore sought out investment situations which do not require rising consumer expenditure. Companies which have long delayed making necessary capital expenditures, are now being forced to do so. The natural place for this is IT spend, because companies cannot yet be expected to have the enthusiasm to build factories, but they do need to refurbish those parts of their infrastructure from which cost savings can provide a good return on the capital spent. Texas Instruments is the doyen of the raw material on which IT spend is based, and NTT Data Corporation gives a similar opportunity, but in a Japanese context.

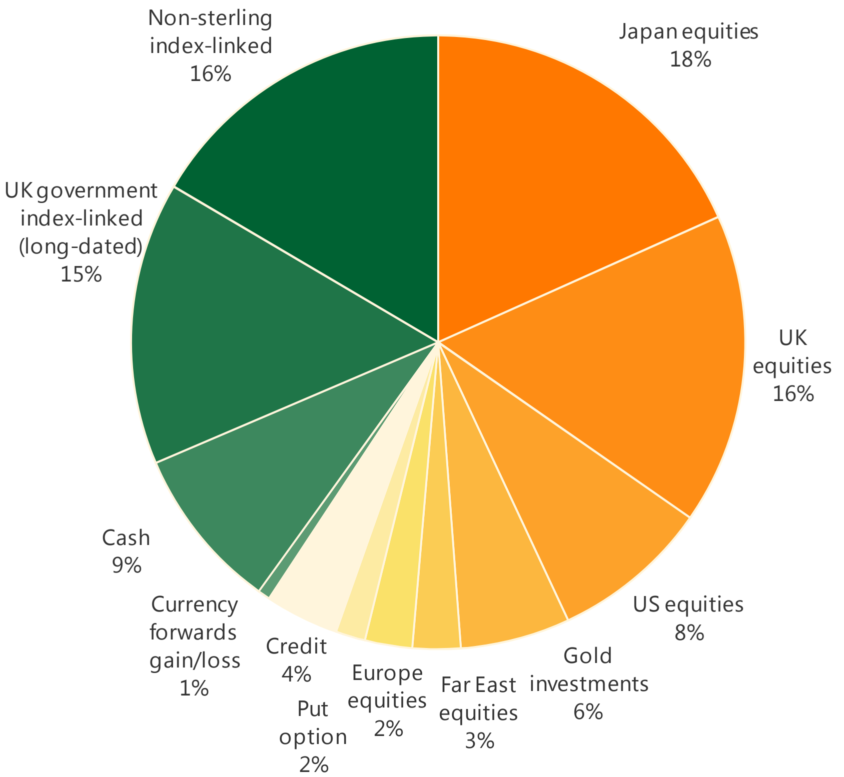
So far, it has worked! We failed to get the very highest prices for the Japanese merchanters; nevertheless both have dropped by around 10% since their sale. The purchases are, on balance, higher.

The overall portfolio performed satisfactorily. BP, notwithstanding our trades, lost money, and our enthusiasm for Vodafone might yet prove to be spot-on, but the timing was poor, and this big holding lost us money. Nothing else caused any trouble (not strictly true – our long-dated index-linked were down), but the quiet weight of the rest of the portfolio pushed the portfolio into decisively positive territory.

Overall, I am quite nervous regarding short-term performance. It is hard to see what assets can offset the widespread falls which will accompany the tightening of liquidity. (Our answer to this is primarily to be long of the dollar.) Although the markets are concerned primarily with the dislocations in the EU, Henry Maxey has turned to the SNCF for his motto: *'Un train peut en cacher un autre'*. The *'un train'* is, of course Greece, but the *'autre'* is China and we think that there could be some real dislocation if China stumbles. The underlying strength of the world economies, which continues to nonplus those of a bearish nature, remains powerfully in force, and so we have a view, probably consensual, that it is not yet worth leaving the 'growth' party. Meanwhile, it is a good party, so that if we do end up with egg on our face, it will probably be high quality meringue.

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. Authorised and regulated by the Financial Services Authority. © Ruffer LLP 2010

Portfolio structure as at 30 Apr 2010



Source: Ruffer LLP

Ten largest holdings as at 30 Apr 2010

Stock	% of fund
1.25% Treasury index-linked 2017	7.7
US Treasury 2.375% TIPS 2025	5.5
US Treasury 1.625% TIPS 2015	4.7
1.25% Treasury index-linked 2055	4.5
US Treasury 1.625% TIPS 2018	3.9
Ruffer Illiquid Strategies Fund 2009 Ltd	3.9
CF Ruffer Baker Steel Gold Fund	3.5
Vodafone Group	3.4
CF Ruffer Japanese Fund	2.9
T&D Holdings	2.7

Five largest equity holdings* as at 30 Apr 2010

Stock	% of fund
Vodafone Group	3.4
T&D Holdings	2.7
BP	2.6
BT	2.5
Kroger	2.3

**Excludes holdings in pooled funds* *Source: Ruffer LLP*

NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£181.7m (30 Apr 2010)
Shares in issue	98,042,672
Market capitalisation	£188.7m (30 Apr 2010)
No. of holdings	50 equities, 7 bonds (30 Apr 2010)
Share price	Published in the Financial Times
Market makers	Winterflood Securities ABN AMRO Cenkos Securities Cazenove Numis Securities

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 £7.4bn on an absolute return basis, including over £2.8bn in open-ended Ruffer funds (as at 30 April 2010).

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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