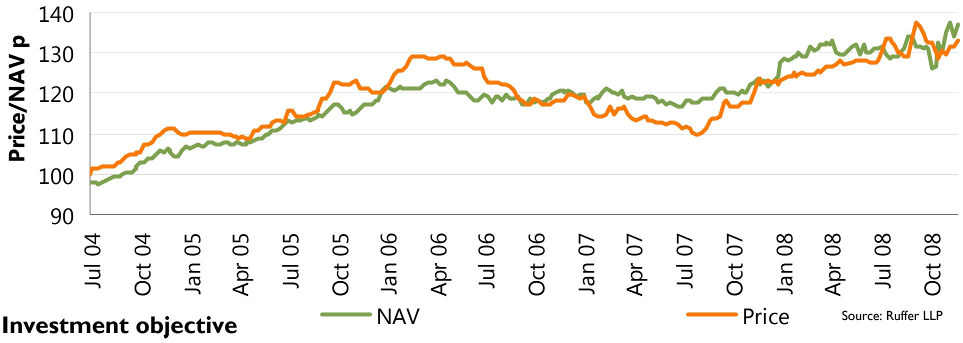
RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

Share price	133.25p	30 Nov 2008
Net Asset Value (NAV)	137.00p	30 Nov 2008
Premium (Discount) to NAV	-2.7%	30 Nov 2008
Launch price	100.00p	8 July 04

RIC performance



Performance since inception RIC A Class

Total return (NAV)[1]	+46.9%

£ Statistics since inception

Standard deviation[2]	1.58%
Sharpe ratio[3]	0.96
Maximum drawdown[4]	-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 30 November was 137.0p up 5.3% on the month (total return), up by 11.9% year to date. The annual total return since inception on the basis of net asset value has been 7.9%.

After a busy October, November was largely a case of leaning back and hoping that all was well. We completed our sales of Swiss bonds, and have been gradually selling down Swisscom on the basis that its attraction was as much the currency as the stock; it has been a satisfactory investment - no more than that - over the period it was held.

The big movement into the Japanese Yen had been completed by the beginning of the month. We sold about ¥3.6 million on the last day of October to reduce somewhat the Yen exposure; it is now 27.5%. The only activity in this part of the world was a sale, rather poorly, of Central Japan Railways which raised £1.7 million. To reiterate what we wrote last month: the Japanese financials are now a crucial part of the portfolio. We are using the Yen as our play on deflation - if nothing is done by the central authorities, the pressure point will drive the Yen sharply upwards. Our basic view is that the authorities will find a way of utilising the dormant but very substantial Japanese savings and this will have the effect of putting fire and ice together: Japan receiving a large flow of income (of which it is chronically short) from an injection of capital into the Western financial economy and the ice of those Western economies which desperately need recapitalisation. The effect of this will be, we think, to lower the intrinsic value of the Yen, since Japan will no longer be the citadel of sound money. This portfolio could find itself therefore in an awkward situation of a sharply rallying equity market combined with a weakening Yen. The art is to protect ourselves from this possibility without so changing the defensive shape of the portfolio that we are caught out in the equally likely possibility that the markets remain under the cosh. Accordingly, we think that putting a small amount of money into the area which would lead the way upwards in a relief rally is the best way of doing this. Hence the Japanese financials. This sector of the Japanese market is already cheap, it would be by no means unlikely that one could see some startling increases in value in such circumstances. In this move alone, we hope we have created something of an each way bet in the portfolio.

It will be apparent from this that Japan has become an even more crucial part of the means of keeping the portfolios from harm than has been the case over the previous couple of years. When opportunities abound, it is easy to allow one's weightings to become too large in an attempt to play them all. Our feeling is that financial equities linked to the extreme cheapness of the index-linked government bonds in Japan provide two effective diversifications within the Yen universe. We are therefore somewhat lightening our Japanese domestic utility positions (hence the sale of Central Japan Railways), on the basis that they have absolutely done their stuff through a Japanese equity market that has halved (and in Yen terms these domestic stocks are largely unchanged); thus are no longer the exceptional value that they were.

The other major move which we have made is to switch our Treasury 5% 2012 into the index-linked 2013. This should not be seen particularly as an increase in our index-linked position, although, to the extent that it does, we are comfortable in so doing. It reflects the bonkers (technical word) state of the short end of the government bond markets, where investors are happy to accept barely any yield at all to a 40% taxpayer (as is the case in the Treasury 5% 2012), and eschew a real yield of 4.3% on the equivalent index-linked stock - most of the return of which is tax free (this last statistic is on a 2% inflation rate: if the bears of index-linked are correct, and the UK flirts with deflation over this period, then the real yield is, of course, even higher).

We continue to add to favoured holdings into weakness. We bought more Newmont Mining shares which did us proud, some more Annaly and Invensys. The latter is horribly difficult to make money in - our last purchase was, uniquely, in profit for nearly a fortnight - but we believe that stocks such as these will be at the vanguard of any rally in the market. We are in the position of being able to look forward to such an eventuality as being an opportunity to make money, rather than merely to retrieve some of the damage that has been done by the prior fall.

Ten largest holdings
30 Nov 2008

Stock	% of fund
UK Treasury index-linked 2.5% 2013	9.8
UK Treasury index-linked 1.25% 2017	8.4
US TIPS 2.375% 2025	6.8
Japan index-linked 1.3% 2017	6.2
Japan index-linked 1.4% 2018	5.6
UK Treasury 4.25% 2011	5.1
Annaly	4.6
Gold bullion	4.2
BP	3.2
Japan index-linked 1.2% 2017	3.1

Five largest equity holdings
30 Nov 2008

Stock	% of fund
Annaly	4.6
BP	3.2
NTT	3.0
Newmont	2.5
Seven Eleven	2.0

Source: Ruffer LLP

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

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.

Source: Ruffer LLP

RUFFER INVESTMENT COMPANY

Six monthly return history

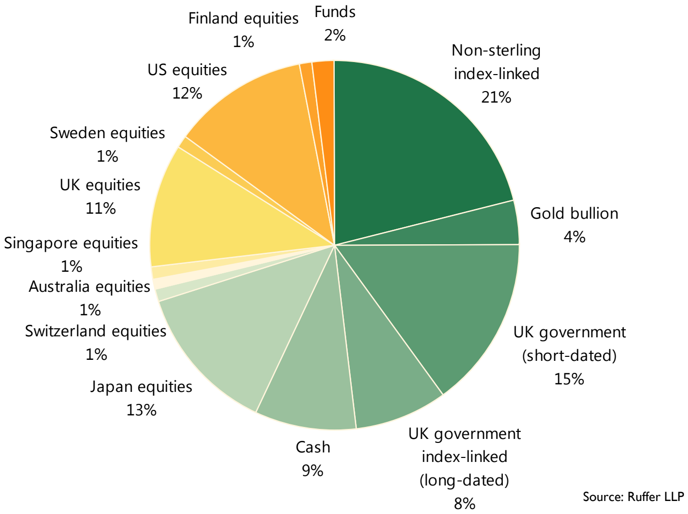
Date	31 Dec 04	30 Jun 05	30 Dec 05	30 Jun 06	31 Dec 06	30 Jun 07	31 Dec 07	30 Jun 08
NAV	106.7p	112.2p	120.5p	119.4p	119.6p	116.7p	124.2p	131.30p
% growth	+8.9%	+5.6%	+7.8%	-0.5%	+0.6%	-1.4%	+7.5%	+6.7%

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

30 Nov 2008

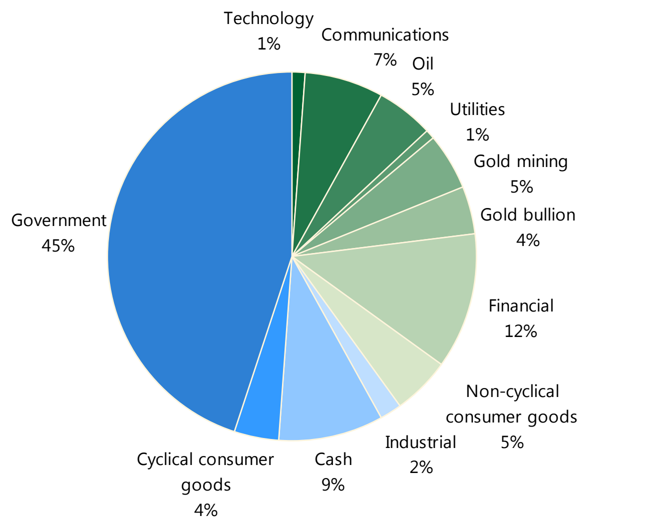


Source: Ruffer LLP

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.

Asset allocation

30 Nov 2008



Source: Ruffer LLP

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	Ruffer LLP 80 Victoria Street London SW1E 5JL Alexander Bruce Tel 020 7963 8215 Fax 020 7963 8175 Email abruce@ruffer.co.uk www.ruffer.co.uk

Ruffer LLP

Ruffer LLP manages funds exceeding £3.0bn on an absolute return basis, including over £764.33m in open-ended Ruffer funds (as at 30 November 2008).

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	£122.1m (30 Nov 08)
Shares in issue	89,129,703
Market capitalisation	£118.8m (30 Nov 08)
No. of holdings	43 equities, 8 bonds (30 Nov 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.