



# RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

**OCTOBER 2010**

ISSUE 65

**Share price as at 29 Oct 2010**

**197.50p**

**NAV as at 29 Oct 2010**

Net Asset Value (per share)

**185.95p**

**Premium/(discount) to NAV**

As at 29 Oct 2010

**6.2%**

**Launch price as at 8 Jul 2004**

**100.00p**

**RIC A Class since inception**

Total Return (NAV)<sup>1</sup>

**108.4%**

## £ Statistics since inception

Standard deviation <sup>2</sup>	2.11%
Maximum drawdown <sup>3</sup>	-7.36%

<sup>1</sup>Including 13p of dividends

<sup>2</sup>Monthly data (Total Return NAV)

<sup>3</sup>Monthly data (Total Return NAV)

Source: Ruffer LLP

## Percentage growth in total return NAV

30 Sep 09 – 30 Sep 10	12.3%
30 Sep 08 – 30 Sep 09	30.3%
30 Sep 07 – 30 Sep 08	10.5%
30 Sep 06 – 30 Sep 07	3.5%
30 Sep 05 – 30 Sep 06	2.0%

Source: Ruffer LLP

## Six monthly return history

Date	NAV (p)	TR NAV * (p)	% Total return
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
30 Jun 07	116.7	120.0	-1.4
31 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

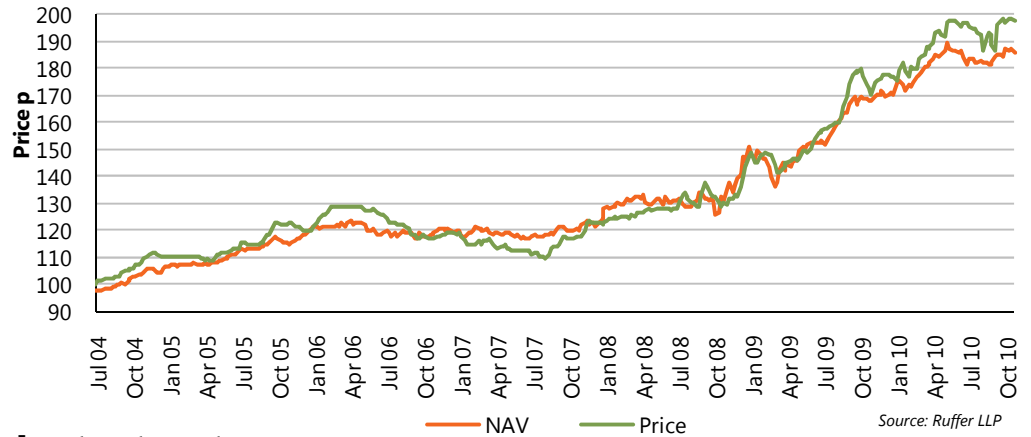
\*includes re-invested dividends Source: Ruffer LLP

Dividends ex date: 0.5p 30 Mar 05, 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, 3 Mar 10 and 1 Sept 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 Bank 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

The net asset value of the company currently stands at 185.95p, a rise of 1.0% during October. The share price fell 0.5% and the premium over NAV was 6.2%.

It was not a month of very significant changes to the shape of the portfolio. We continued to increase our exposure to German property, especially residential, with the purchase of Conwert and Deutsche Wohnen; we sold Gagfah, in the right sector, but its controversial background made it less than satisfactory as a core holding in the sector. In the event, we took a second turn making a 10% profit, having bought it back following a successful taking of profits a couple of months ago.

We made small purchases of Carphone Warehouse, which has got off to an excellent start, and Axel Springer. We cleared up our holding of Raisio, which did well for the portfolio. Lastly we took a quick turn in Syngenta which made nearly 20% in short order.

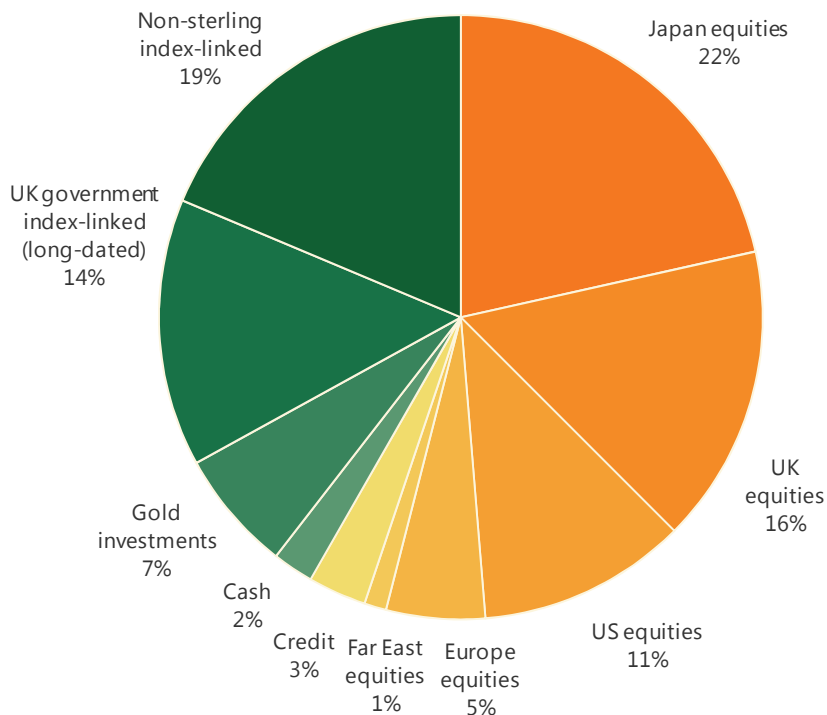
We reinforced BT, we made a strategic move into Wal-Mart and made a small investment in the Far East, selling a real estate holding in Japan to pay for it.

It is hard to see a master plan, or its guiding hand in any of this. The performance was very much a repeat of the month of September. The weakness of the dollar and the Japanese financials in particular held back the performance, with a strong showing in the UK and European

equities and North America. Inflation-linked government bonds were generally in favour, TIPS were strong and able to produce a net positive sterling return, despite dollar weakness. Japanese index-linked made money as did our shortest dated UK index-linked stock (the 2017 maturity). The volatile ultra-long index-linked gave ground during the month. The high-yielding stocks around the world were the pick of the showing this time, with Vodafone, BT and Kraft leading the way. Good figures from Booker produced a good response in the share price.

Which brings us onto Japan. One of the troubles with value investing is that one can so often lose one's knuckles before one loses one's nerve. There has been only one outright mistake in Japan, luckily in a small position in Promise (oh, the heart break of it) a consumer financing company which the market thinks is deeply compromised by a government initiative to penalise alleged mis-selling over previous years. We do not believe the stock price has responded appropriately, but this feels like a different situation from the one which we imagined when we bought it a few months ago. The Japanese real estate stocks have been strong, representing a good yield denominated in Japanese yen, and since we remain of the view that when the equity market turns, yen exposure will be less attractive, we have taken out Japan Real Estate. All told, we continue to think Japanese equities will turn out well for us.

## Portfolio structure as at 29 Oct 2010



Source: Ruffer LLP

## Ten largest holdings as at 29 Oct 2010

Stock	% of fund
1.25% Treasury index-linked 2017	6.3
US Treasury 2.375% TIPS 2025	5.9
1.25% Treasury index-linked 2055	5.3
US Treasury 1.625% TIPS 2018	5.1
US Treasury 1.625% TIPS 2015	5.0
CF Ruffer Baker Steel Gold Fund	3.9
Vodafone Group	3.8
T&D Holdings	3.1
Ruffer Illiquid Strategies Fund 2009 Ltd	3.1
CF Ruffer Japanese Fund	3.1

## Five largest equity holdings\* as at 29 Oct 2010

Stock	% of fund
Vodafone Group	3.8
T&D Holdings	3.1
BT Group	3.0
Kraft Foods	3.0
Nippon Telegraph & Telephone	2.3

\*Excludes holdings in pooled funds

Source: Ruffer LLP

### NAV valuation point

Weekly – Friday midnight  
Last business day of the month

### NAV

£231.77m (29 Oct 2010)

### Shares in issue

124,638,416

### Market capitalisation

£246.16m (29 Oct 2010)

### No. of holdings

56 equities, 7 bonds (29 Oct 2010)

### Share price

Published in the Financial Times

### Market makers

ABN AMRO  
Cazenove  
Cenkos Securities  
Collins Stewart  
Numis Securities  
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

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

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**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 investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2010, funds managed by the group exceeded £9.0bn, of which over £3.8bn was managed in open-ended Ruffer funds.