

Interim Management Statement – 1 July 2011 to 30 September 2011
PERFORMANCE SUMMARY

The NAV per share decreased from 196.1p at 1 July 2011 to 193.0p at 30 September 2011. For the period under review, the Company recorded a total return (net of fees and expenses) of -1.3%, compared to the objective return of 0.25%, being twice the time weighted Bank of England base rate over the period. Since inception (on 7 July 2004), the Company has achieved a positive total return of 118%, compared to twice the time weighted Bank of England base rate returning 59.3%. There was no ex-dividend date during the period.

The share price decreased from 203.5p at 1 July 2011 to 197.25p at 30 September 2011. The price-to-NAV moved from a premium of 4% at the start of the period to a premium of 2.2% at the end of the period. 3.75m shares were issued at an average premium of 2.88% to the prevailing NAV under the block listing facility during the period, thus ensuring that such share issuance was value enhancing to our shareholders.

Annual return history

Date	30 Sep 04**	30 Sep 05	30 Sep 06	30 Sep 07	30 Sep 08	30 Sep 09	30 Sept 10
NAV (p)	101.2	117.4*	118.8*	120.4*	131.8*	166.8*	184.1*
Company growth (%)†	3.3	17.1	2.0	3.5	10.5	30.3	12.3
Twice Bank Rate (%)	2.2	9.9	9.5	11.2	11.2	2.7	1.0

Date	30 Sep 11
NAV (p)	193.0*
Company Growth (%)†	5.6
Twice Bank Rate (%)	1.0

† Total return

* Dividend ex date: 0.5p on 30 Mar 05, 30 Sept 05, 22 Mar 06 and 27 Sept 06
1.25p on 21 Mar 07, 26 Sept 07, 5 Mar 08 and 1 Oct 08
1.5p on 4 Mar 09, 30 Sept 09, 3 Mar 10, 1 Sept 10 and 2 Mar 11

** Partial period: Inception (7 July 2004) to 30 September 2004

FINANCIAL POSITION
Ten largest holdings
1 July 2011

Security	% fund
UK Treasury index-linked 1.25% 2017	6.2
USA TIPS 2.125% 2040	5.6
UK Treasury index-linked 1.25% 2055	5.4
USA TIPS 1.625% 2015	4.8
USA TIPS 1.625% 2018	4.8
CF Ruffer Baker Steel Gold Fund	3.4
Vodafone Group	3.4
T&D Holdings	3.3
CF Ruffer Japanese Fund	3.2
Ruffer Illiquid Strategies Fund of Funds	3.0

30 September 2011

Security	% fund
UK Treasury index-linked 1.25% 2017	7.5
UK Treasury index-linked 1.25% 2055	5.6
USA TIPS 1.625% 2018	5.0
USA TIPS 1.625% 2015	4.9
USA TIPS 2.125% 2040	4.3
Vodafone Group	3.3
CF Ruffer Baker Steel Gold Fund	3.1
Ruffer Illiquid Strategies Fund of Funds	3.0
CF Ruffer Japanese Fund	3.0
Nippon Telegraph & Telephone	2.8

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Five largest equity holdings

1 July 2011

Security	% fund
Vodafone Group	3.4
T&D Holdings	3.3
Koninklijke KPN	3.0
Nippon Telegraph & Telephone	2.7
BT	2.7

30 September 2011

Security	% fund
Vodafone Group	3.3
Nippon Telegraph & Telephone	2.8
T&D Holdings	2.8
Koninklijke KPN	2.7
Wal-Mart Stores	2.3

MATERIAL TRANSACTIONS

Five largest purchases

1 July 2011 – 30 September 2011

Date	Security	Cost (£)
11 Aug 2011	UK Treasury index-linked 1.25% 2017	3,037,687
22 Jul 2011	Ricoh	2,573,073
8 Jul 2011	Renn Universal Growth	2,314,967
1 Jul 2011	Nomura Research Institute	2,105,881
28 Jul 2011	Vallourec	1,850,151

Five largest sales

1 July 2011 – 30 September 2011

Date	Security	Proceeds (£)
26-27 Sep 2011	USA TIPS 2.125% 2040	6,004,193
5 Jul 2011	GlaxoSmithKline	4,034,939
2 Sep 2011	Ricoh	2,125,598
2-8 Sep 2011	M1 Limited	1,894,693
16-17 Aug 2011	Daiwa Securities Group	1,849,200

The Company increased its cash weighting during the period from 5.3% at 1 July 2011 to 7.2% at 30 September 2011.

The NAV of the Company at 1 July 2011 was £248.7m and this increased to £252.6m at 30 September 2011. The market capitalisation was £258.7m at the start of the period under review and this decreased to £258.2m at 30 September 2011.

MATERIAL EVENTS

The Board of the Company is not aware of any significant event that has occurred between 30 June 2011 and the date of the publication of this statement that would have a material impact on the financial position of the Company. The Board has approved an investment policy consistent with a highly volatile economic climate.

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However, please note the following eleven announcements made during the period –

5 July 2011

Announcement of the tap issue of 500,000 Redeemable Participating Preference Shares of £0.01 each at a price of 202 pence per share.

19 July 2011

Announcement of the tap issue of 400,000 Redeemable Participating Preference Shares of £0.01 each at a price of 203 pence per share.

26 July 2011

Announcement of the tap issue of 750,000 Redeemable Participating Preference Shares of £0.01 each at a price of 204.25 pence per share.

3 August 2011

Announcement of the tap issue of 150,000 Redeemable Participating Preference Shares of £0.01 each at a price of 203 pence per share.

16 August 2011

Announcement of the tap issue of 600,000 Redeemable Participating Preference Shares of £0.01 each at a price of 195 pence per share.

23 August 2011

Announcement of the tap issue of 200,000 Redeemable Participating Preference Shares of £0.01 each at a price of 192.7 pence per share.

30 August 2011

Announcement of the tap issue of 150,000 Redeemable Participating Preference Shares of £0.01 each at a price of 193.25 pence per share.

20 September 2011

Announcement of the tap issue of 500,000 Redeemable Participating Preference Shares of £0.01 each at a price of 196.5 pence per share.

26 September 2011

Declaration of an interim dividend payable in respect of the year ended 30 June 2011 as follows:

Ex date	5 October 2011
Record date	7 October 2011
Pay date	28 October 2011
Dividend per share	1.50 pence (Sterling)

26 September 2011

Publication of Annual Financial Report for the year ended 30 June 2011.

27 September 2011

Announcement of the tap issue of 500,000 Redeemable Participating Preference Shares of £0.01 each at a price of 196.5 pence per share.