



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

SEPTEMBER 2011

ISSUE 76

Share price as at 30 Sep 2011

197.25p

NAV as at 30 Sep 2011

Net Asset Value (per share)

193.00p

Premium/(discount) to NAV

As at 30 Sep 2011

2.2%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

118.0%

£ Statistics since inception

Standard deviation ²	2.10%
Maximum drawdown ³	-7.36%

¹Including 14.5p of dividends

²Monthly data (Total Return NAV)

³Monthly data (Total Return NAV)

Percentage growth in total return NAV

30 Sep 2010 – 30 Sep 2011	5.6%
30 Sep 2009 – 30 Sep 2010	12.3%
30 Sep 2008 – 30 Sep 2009	30.3%
30 Sep 2007 – 30 Sep 2008	10.5%
30 Sep 2006 – 30 Sep 2007	3.5%

Source: Ruffier LLP

Six monthly return history

Date	NAV (p)	TR NAV* (p)	% Total return
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
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: Ruffier

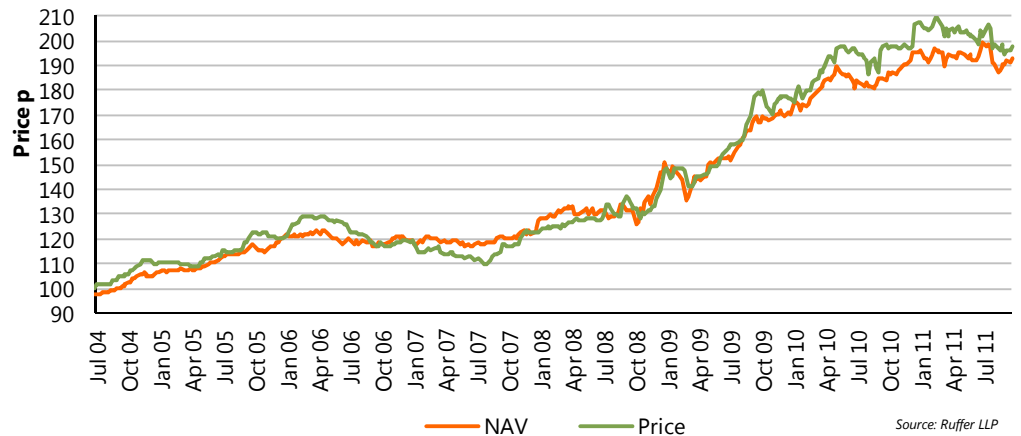
Dividends ex date: 0.5p 30 Mar 05, 30 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10 and 2 Mar 11

Ruffier 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.

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: Ruffier LLP

Investment report

The net asset value at the end of September was 193p, up by just over 2% from a rather depressing August figure. The total return for the year to date, including 1.5p of dividend, is still negative (by 0.3%), but this is not too bad in a world of depressed asset prices. The market capitalisation is now £258m, reflecting the further issues of equity at a premium; the current premium is about 2.2%.

A fair amount of deals were done during the month, which has helped the performance a good deal. Vallourec was sold at the beginning of the month: it is down by nearly 40% from there. Other sales included Ebro, Booker and Yell, all well down on their sale prices and we used the rally at the end of the month to sell ITV, which was efficacious. The purchases were excellent. Swisscom had got off to a reasonable start, but the stars were the currency protections that we put in regarding the Canadian and Australian dollars, which have really repaid their keep.

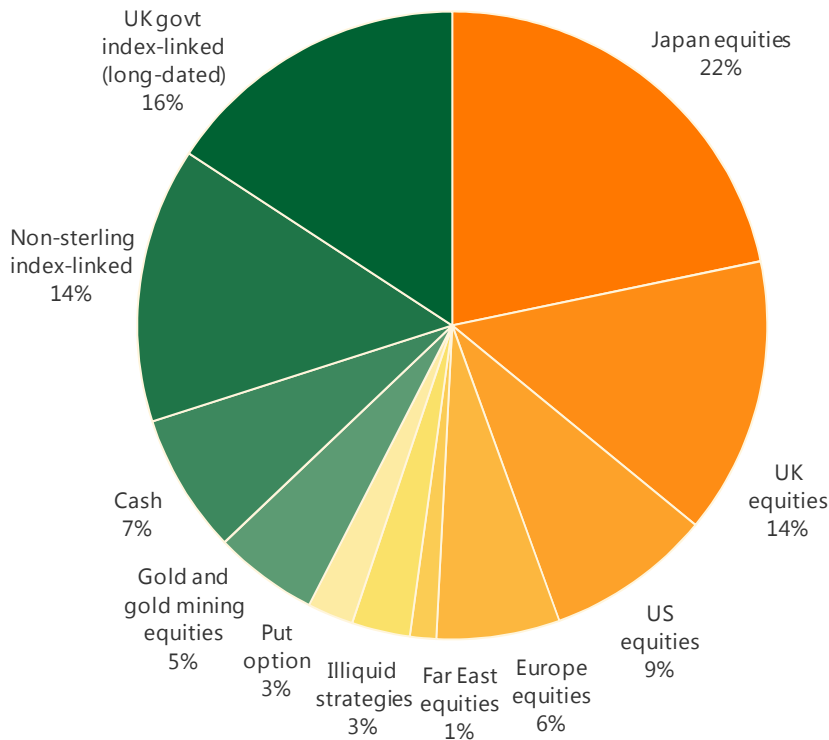
I wrote last month that we think the inflation linked government market is essential to own, but also dangerous. Our concern is that the bubble in conventional bonds bursts – like all bubbles they can do so for no obvious reasons – and the index linked share their discomfiture in depreciation. We judged that the most likely circumstances that this would happen

were a world which became fearful of a lack of economic growth; the easiest way of playing this was by selling those currencies which had a close link to commodities. The Canadian dollar is perceived to be a play on the oil price, and Australia on the combination of gold and copper. All were notably weak during the month, with pleasingly similar results on the currencies themselves.

Looking at the portfolio as a whole, the equities were pretty well behaved. Invensys had a bad month and cost us a bit, but generally the movements were reasonably favourable. Even Japan managed a good return, although the hedge on the currency reduced the gain by about one third. The index linked themselves did well, particularly in America. We have taken some money out of the long end of the TIPS, simply to reduce the volatility of this aspect of the portfolio; they continue to be a significant part of the portfolio. The long bonds now represent just about 10% of the value of the fund, and the shorter dated stocks about 20%.

The portfolio has returned 5.6% in the last year; not one of our more spectacular performances, but the markets have been quite tricky, with the all-share dropping by just over 5% over the course of the year (on a total return basis).

Portfolio structure as at 30 Sep 2011



Source: Ruffer LLP

Ten largest holdings as at 30 Sep 2011

Stock	% of fund
1.25% Treasury index-linked 2017	7.5
1.25% Treasury index-linked 2055	5.6
US Treasury 1.625% TIPS 2018	5.0
US Treasury 1.625% TIPS 2015	4.9
US Treasury 2.125% TIPS 2040	4.3
Vodafone	3.3
CF Ruffer Baker Steel Gold Fund	3.1
Ruffer Illiquid Strategies Fund 2009 Ltd	3.0
CF Ruffer Japanese Fund	3.0
Nippon Telegraph & Telephone	2.8

Five largest equity holdings* as at 30 Sep 2011

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

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£252.6m (30 Sep 2011)

Shares in issue

130,888,416

Market capitalisation

£258.2m (30 Sep 2011)

No. of holdings

46 equities, 6 bonds (30 Sep 2011)

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

Stock ticker

RICA LN

ISIN Number

GB00B018CS46

Sedol Number

B018CS4

Charges

Annual management charge 1.0%
with no performance fee

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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 30 September 2011, funds managed by the group exceeded £12.2bn, of which over £5.2bn was managed in open-ended Ruffer funds.