

Interim Management Statement – 1 January 2012 to 30 March 2012
PERFORMANCE SUMMARY

The NAV per share increased from 193.45p at 1 January 2012 to 198.41p at 30 March 2012. For the period under review, the Company recorded a total return (net of fees and expenses) of +3.3%, 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 127.7%, compared to twice the time weighted Bank of England base rate returning 60.1%. The Company went ex-dividend 1.6p on 29 February 2012.

The share price increased from 198.25p at 1 January 2012 to 205p at 30 March 2012. The price-to-NAV moved from a premium of 2.5% at the start of the period to a premium of 3.3% at the end of the period. 2.1m shares were issued at an average premium of 3% 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	31 Mar 05**	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09	31 Mar 10
NAV (p)	107.2*	122.5*	118.7*	132.8*	142.4*	181.4*
Company growth (%)†	9.9	15.2	-1.7	14.1	9.4	29.6
Twice Bank Rate (%)	7.2	9.6	10.1	11.8	7.5	1.0

Date	31 Mar 11	30 Mar 12
NAV (p)	194.1*	198.4*
Company Growth (%)†	8.7	3.9
Twice Bank Rate (%)	1.0	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, 2 Mar 11 and 5 Oct 11
 1.6p on 29 Feb 12

** Partial period: Inception (7 July 2004) to 31 March 2005

FINANCIAL POSITION
Ten largest holdings
1 January 2012

Security	% fund
UK Treasury index-linked 1.25% 2017	7.5
UK Treasury index-linked 1.25% 2055	6.5
USA TIPS 1.625% 2018	5.0
USA TIPS 1.625% 2015	4.8
Vodafone Group	3.5
USA TIPS 2.125% 2040	3.4
USA TIPS 1.875% 2015	3.2
CF Ruffer Japanese Fund	2.9
CF Ruffer Baker Steel Gold Fund	2.8
UK Treasury index-linked 2.5% 2016	2.7

30 March 2012

Security	% fund
UK Treasury index-linked 1.25% 2017	8.3
UK Treasury index-linked 1.25% 2055	6.0
USA TIPS 1.625% 2018	4.7
USA TIPS 1.625% 2015	4.0
Vodafone Group	3.2
T&D Holdings	3.1
Nippon Telegraph & Telephone	3.1
USA TIPS 1.875% 2015	3.1
CF Ruffer Japanese Fund	3.1
CF Ruffer Baker Steel Gold Fund	2.7

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Five largest equity holdings
1 January 2012

Security	% fund
Vodafone Group	3.5
T&D Holdings	2.6
Nippon Telegraph & Telephone	2.5
BT	2.5
Koninklijke KPN	2.4

30 March 2012

Security	% fund
Vodafone Group	3.2
T&D Holdings	3.1
Nippon Telegraph & Telephone	3.1
BT	2.4
Johnson & Johnson	2.4

MATERIAL TRANSACTIONS
Five largest purchases

1 January 2012 – 30 March 2012

Date	Security	Cost (£)
17 Feb 2012	UK Treasury index-linked 0.375% 2062	5,351,802
16 Feb 2012	Google	5,320,772
20 Jan 2012	Mizuho Financial Group	4,766,344
18 Jan 2012	JPMorgan Chase	3,890,413
12 Jan 2012	Tesco	3,537,874

Five largest sales

1 January 2012 – 30 March 2012

Date	Security	Proceeds (£)
17 Feb 2012	USA TIPS 2.125% 2040	8,735,177
17 Feb 2012	Mizuho Financial Group	5,157,934
20-24 Jan 2012	Japan Real Estate REIT	5,108,517
5 Jan 2012	UK Treasury index-linked 2.5% 2013	3,718,149
27 Mar 2012	Tesco	3,382,118

The Company increased its cash weighting during the period from 2.2% at 1 January 2012 to 5.3% at 30 March 2012.

The NAV of the Company at 1 January 2012 was £257.9m and this increased to £269.5m at 30 March 2012. The market capitalisation was £264.3m at the start of the period under review and this increased to £278.5m at 30 March 2012.

MATERIAL EVENTS

The Board of the Company is not aware of any significant event that has occurred between 31 December 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.

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

31 January 2012

Announcement of the tap issue of 250,000 Redeemable Participating Preference Shares of £0.01 each at a price of 201 pence per share.

7 February 2012

Announcement of the tap issue of 150,000 Redeemable Participating Preference Shares of £0.01 each at a price of 202 pence per share.

14 February 2012

Announcement of the tap issue of 400,000 Redeemable Participating Preference Shares of £0.01 each at a price of 202.3 pence per share.

21 February 2012

Announcement of the tap issue of 400,000 Redeemable Participating Preference Shares of £0.01 each at a price of 204 pence per share.

23 February 2012

Declaration of an interim dividend payable in respect of the six months ended 31 December 2011 as follows:

Ex date	29 February 2012
Record date	2 March 2012
Pay date	23 March 2012
Dividend per share	1.60 pence (Sterling)

24 February 2012

Publication of Half Yearly Report for the six months ended 31 December 2011.

28 February 2012

Announcement of the tap issue of 900,000 Redeemable Participating Preference Shares of £0.01 each at a price of 204.1 pence per share.

13 March 2012

Announcement of the tap issue of 250,000 Redeemable Participating Preference Shares of £0.01 each at a price of 203.56 pence per share.

20 March 2012

Announcement of the tap issue of 150,000 Redeemable Participating Preference Shares of £0.01 each at a price of 203.9 pence per share.