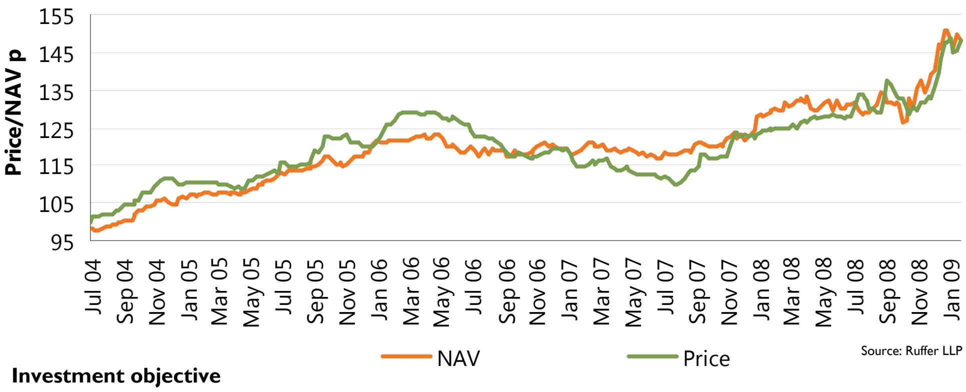
RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

Share price	148.25p	30 Jan 2009
Net Asset Value (NAV)	148.20p	30 Jan 2009
Premium (Discount) to NAV	0.0%	30 Jan 2009
Launch price	100.00p	8 July 2004

RIC performance



Source: Ruffer LLP

Performance since inception RIC A Class

Total return (NAV)[1]	+60.1%

£ Statistics since inception

Standard deviation[2]	2.04%
Sharpe ratio[3]	0.97
Maximum drawdown[4]	-3.7%

[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 January was 148.2p, down 1.8% on the month (total return).

After a roaring time in 2008, we have entered 2009 anxious not to see the good work unravel. Accordingly, we have somewhat reduced, and, independently, somewhat changed the risk within the portfolio.

The main thing that we have done is to increase the exposure to Sterling, given that this is the base currency of the portfolio itself. Although the fundamentals of Sterling look terrible, the truth is that all currencies when put under forensic scrutiny look like one-legged Sumo wrestlers; the fact that the fundamentals are seemingly unattractive has been historically a very poor reason for shorting a currency. Accordingly, we have much reduced our Yen exposure, partly through the sale of two equities, Seven & I Holdings and Bank of Yokohama, but more particularly through £14 million worth of foreign exchange cover, half done at 138.19 exchange rate and the other half at 126.76. At the time of writing, the first of these is already wrong, but we feel more comfortable with a Sterling exposure of 74%, the highest it has been for some considerable time.

We have been net sellers of equities during the period. We sold half our outsize position of BP at 553p; perhaps we should have sold the lot, but they have a good yield and are a natural holding in a long-term risk portfolio. We also took out a short half of the holding of Ericsson – it had rallied hard, and has proved over the course of our ownership to be a difficult stock in which to make money. We have reinforced failure in BT Group, and we now have 1.6% of the portfolio in this counter: it was the single biggest negative contributor to the portfolio in January, removing nearly 0.4% of the entire value of the fund alone.

We have continued the change in the shape of our Japanese equity holdings. Bank of Yokohama was neither fish nor fowl – useless as a domestic play, and likely to be ineffective as a financial. This has gone, together with Seven & I, on the basis that the best of the Japanese retailers was no more than the best of a bad bunch. Although the holdings of our new 'higher-beta' Japanese stocks hit the portfolio this month, losing about 1.5% of the value of the portfolio in Sterling terms, we feel that this is the right place to be taking risk at the moment.

What are the bets in the portfolio? The first is that we are looking at inflation, superimposed on deflation – i.e., all the characteristics of deflation, but with prices going up as a result of compromised currencies. Thus we remain very overweight in index-linked, particularly in the UK and Japan, but also in American TIPs. We have a healthy weighting in gold which is beginning to show its paces, although not particularly in the course of the last month. Japanese financials are at the forefront of our 'greed' investments. The equities are – eclectic is the word that comes to mind: a word which one tends to use when one can't think of what one is trying to say. Collectively, it is hard to say that they cover a single theme, or indeed only a few themes – they are primarily there to protect the portfolio from specific risks (a rise in commodities: BP, K&S, Raisio, Sterling Energy), a reversion to mean of higher yields (Annaly, Prodesse), pigs learning to fly (Clean Diesel Technology).

We remain fearful that Sterling could have a savage and seemingly perverse bounce, and we have tried to protect ourselves from such an eventuality.

Ten largest holdings
30 Jan 2009

Stock	% of fund
UK Treasury index-linked 2.5% 2013	10.0
UK Treasury index-linked 1.25% 2017	8.7
US TIPS 2.375% 2025	7.1
Japan index-linked 1.3% 2017	6.6
Japan index-linked 1.4% 2018	5.9
Annaly	4.8
UK Treasury 4.25% 2011	4.8
Gold Bullion	4.8
Mitsubishi UFJ	3.5
Nippon Telegraph & Telephone	3.3

Five largest equity holdings
30 Jan 2009

Stock	% of fund
Annaly	4.8
Mitsubishi UFJ	3.5
NTT	3.3
Newmont	3.1
Mitsui Fudosan	2.3

Source: Ruffer LLP

Percentage growth in Total Return NAV to 31 December 2008

31 Dec 07 – 31 Dec 08	31 Dec 06 – 31 Dec 07	31 Dec 05 – 31 Dec 06	31 Dec 04 – 31 Dec 05	31 Dec 03 – 31 Dec 04
+23.8%	+6.0%	+0.1%	+14.0%	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

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Six monthly return history

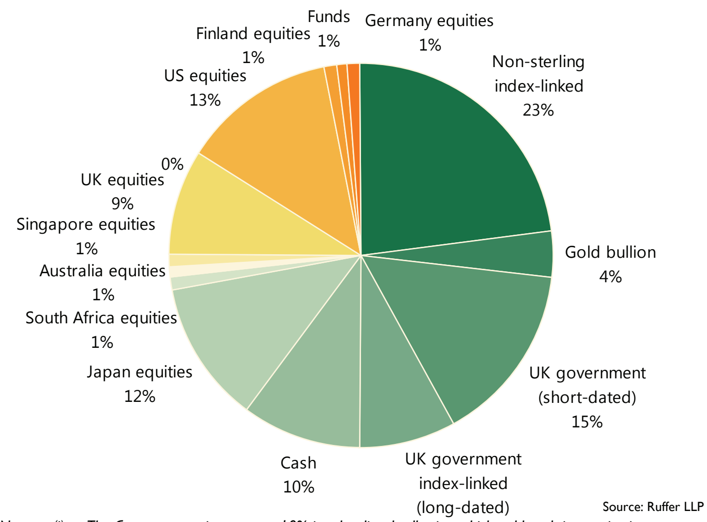
Date	31 Dec 04	30 Jun 05	30 Dec 05	30 Jun 06	31 Dec 06	30 Jun 07	31 Dec 07	30 Jun 08	31 Dec 08
NAV	106.7p	112.2p	120.5p	119.4p	119.6p	116.7p	124.2p	131.30p	150.90p
% growth	+8.9%	+5.6%	+7.9%	-0.5%	+0.6%	-1.4%	+7.5%	+6.7%	+16.0%

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 Jan 2009

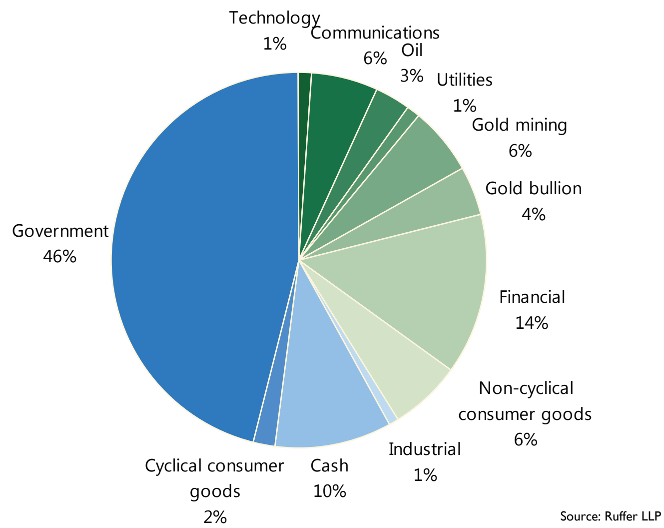


Source: Ruffer LLP

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 Jan 2009



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 £3.6bn on an absolute return basis, including over £904.0m in open-ended Ruffer funds (as at 30 January 2009).

Charges	Annual management charge 1.0% with no performance fee
NAV valuation point	Weekly – Friday midnight Last business day of the month
NAV	£132.1m (30 Jan 09)
Shares in issue	89,129,703
Market capitalisation	£132.1m (30 Jan 09)
No. of holdings	43 equities, 7 bonds (30 Jan 09)
Share price	Published in the Financial Times
Market makers	Winterflood Securities ABN AMRO Cenkos Securities Cazenove Numis Securities

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.