

**Interim Management Statement – 1 July to 30 September 2010**
**PERFORMANCE SUMMARY**

The NAV per share increased from 182.6p at 1 July 2010 to 184.1p at 30 September 2010, net of a 1.5p dividend. For the period under review, the Company recorded a positive total return (net of fees and expenses) of 1.66%, 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 106.3%.

The share price increased from 196.8p at 1 July 2010 to 198.5p at 30 September 2010. The price-to-NAV moved from a premium of 7.7% at the start of the period to a premium of 7.8% at the end of the period.

**Six monthly return history**

Date	30 Sep 04**	31 Mar 05	30 Sep 05	31 Mar 06	30 Sep 06	31 Mar 07	30 Sept 07
NAV (p)	101.2	107.2*	117.4*	122.5*	118.8*	118.7*	120.4*
Company growth (%)†	3.3	6.4	10.0	4.8	-2.6	1.0	2.5
Twice Bank Rate (%)	2.2	4.8	4.8	4.6	4.7	5.2	5.7

Date	31 Mar 08	30 Sep 08	31 Mar 09	30 Sep 09	31 Mar 10	30 Sept 10
NAV (p)	132.8*	131.8*	142.4*	166.8*	181.4*	184.1*
Company Growth (%)†	11.4	-0.8	10.3	18.1	9.7	2.4
Twice Bank Rate (%)	5.8	5.2	2.2	0.5	0.5	0.5

† Total return

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

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

**FINANCIAL POSITION**
**Ten largest holdings**
**1 July 2010**

Security	% fund
UK Treasury index-linked 1.25% 2017	8.1
USA TIPS 2.375% 2025	5.8
USA TIPS 1.625% 2015	4.9
UK Treasury index-linked 1.25% 2055	4.8
USA TIPS 1.625% 2018	4.1
Ruffer Illiquid Strategies Fund of Funds	4.0
CF Ruffer Baker Steel Gold Fund	3.5
Vodafone Group	3.3
UK Treasury index-linked 1.875% 2022	2.8
NTT Data Corporation	2.8

**30 September 2010**

Security	% fund
UK Treasury index-linked 1.25% 2017	6.3
USA TIPS 2.375% 2025	5.7
UK Treasury index-linked 1.25% 2055	5.6
USA TIPS 1.625% 2018	5.1
USA TIPS 1.625% 2015	5.1
CF Ruffer Baker Steel Gold Fund	3.9
Vodafone Group	3.6
T&D Holdings	3.3
CF Ruffer Japanese Fund	3.2
Ruffer Illiquid Strategies Fund of Funds	3.1

**Interim Management Statement – 1 July to 30 September 2010**
**Five largest equity holdings**
**1 July 2010**

Security	% fund
Vodafone Group	3.3
NTT Data Corporation	2.8
Kroger Co	2.6
T&D Holdings	2.6
BT Group	2.6

**30 September 2010**

Security	% fund
Vodafone Group	3.6
T&D Holdings	3.3
Kraft Foods	2.9
BT Group	2.3
Nippon Tel & Tel	2.3

**MATERIAL TRANSACTIONS**
**Five largest purchases**

1 July 2010 – 30 September 2010

Date	Security	Cost (£)
21 Sept 2010	USA TIPS 1.625% 2018	4,550,393
21 Sept 2010	Kraft Foods	4,050,573
22 Sept 2010	Inpex Corp	3,239,553
21 Sept 2010	USA TIPS 1.625% 2015	3,131,234
21 Sept 2010	USA TIPS 2.375% 2025	2,951,243

**Five largest sales**

1 July 2010 – 30 September 2010

Date	Security	Proceeds (£)
16 Sept 2010	Tesco PLC	4,276,692
21 Sept 2010	BP PLC	2,071,548
9 July 2010	BP PLC	1,198,455
9 July 2010	BT Group	1,046,402
13 July 2010	Gagfah SA	829,888

The Company decreased its cash weighting during the period from 6.3% at 1 July to 3.7% at 30 September 2010.

The NAV of the Company at 1 July 2010 was £179.0m and this increased to £229.5m at 30 September 2010. The market capitalisation was £192.9m at the start of the period under review and this increased to £247.4m at 30 September 2010. The increase in NAV and market capitalisation is primarily due to raising £50m in the recent placing (which resulted in the number of shares in issue increasing from 98,042,672 to 124,638,416).

On 24 September 2010 the company paid a dividend per share of 1.5p.

## **MATERIAL EVENTS**

The Board of the Company is not aware of any significant event that has occurred between 30 September 2010 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 twelve announcements made during the period –

### **13 July 2010**

Notice of Extraordinary General Meeting on 6 August 2010 and possible further issue of shares.

### **6 August 2010**

Announcement of the results of the Extraordinary General Meeting.

### **25 August 2010**

Declaration of an interim dividend payable in respect of the year ended 30 June 2010 as follows:

Ex date	1 September 2010
Record date	3 September 2010
Pay date	24 September 2010
Dividend per share	1.50 pence (Sterling)

### **1 September 2010**

The Board announced a private placement of shares in the Company, seeking to raise up to £50 million.

### **2 September 2010**

Publication of prospectus containing details of the aforementioned placing.

### **8 September 2010**

Publication of supplementary prospectus to correct an error in the prospectus published on 2 September 2010.

### **9 September 2010**

Announcement of inclusion of the Company' shares in the FTSE All Share index as from close of business on 17 September 2010.

### **13 September 2010**

Publication of placing price of 188p per share (a 2% premium to the unaudited NAV per share on 10 September).

### **14 September 2010**

Announcement that the Company had successfully raised £50m through the issue of 26,595,744 shares.

### **20 September 2010**

Announcement of application to the UKLA and the LSE for the blocklisting of 12,463,841 preference shares.

### **20 September 2010**

Confirmation that, following the recent placing, the issued share capital of the Company now comprises of 124,638,416 redeemable preference shares.

### **24 September 2010**

Publication of the Annual Financial Report for the year ended 30 June 2010.