



# RUFFER INVESTMENT COMPANY LIMITED

*An alternative to alternative asset management*

**JULY 2011**

ISSUE 74

**Share price as at 29 July 2011**

**205.00p**

**NAV as at 29 July 2011**

Net Asset Value (per share)

**196.78p**

**Premium/(discount) to NAV**

As at 29 July 2011

**4.2%**

**Launch price as at 8 Jul 2004**

**100.00p**

**RIC A Class since inception**

Total Return (NAV)<sup>1</sup>

**122.2%**

## £ Statistics since inception

Standard deviation <sup>2</sup>	2.05%
Maximum drawdown <sup>3</sup>	-7.36%

<sup>1</sup>Including 14.5p of dividends

<sup>2</sup>Monthly data (Total Return NAV)

<sup>3</sup>Monthly data (Total Return NAV)

Source: Ruffer LLP

## Percentage growth in total return NAV

30 Jun 2010 – 30 Jun 2011	8.8%
30 Jun 2009 – 30 Jun 2010	21.8%
30 Jun 2008 – 30 Jun 2009	18.6%
30 Jun 2007 – 30 Jun 2008	14.8%
30 Jun 2006 – 30 Jun 2007	-0.8%

Source: Ruffer 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: Ruffer

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

## 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



## Investment report

The net asset value of the Ruffer Investment Company rose by 0.6% during the month. The share price of 205p represents a premium of 4.2% to the net asset value, somewhat lower than the average in recent months. 1,650,000 shares were issued during the month as part of the block listing facility.

In a month where the FTSE All-Share fell by 2.2% we managed to keep our heads above the water thanks largely to index-linked bonds which were the top performers. Investor sentiment shifted from a mildly bullish persuasion at the start of the month to risk-off mode at the end. Worriers were kept busy by sovereign debt concerns in both the eurozone and the US. In spite of this, US Treasuries (including our TIPS holdings) performed well even after some of the gains were given back through a weaker dollar. It is difficult to disentangle 'flight-to-safety' buyers of index-linked bonds from 'inflation-fearers' but slightly lower breakeven rates over the month suggests that most of the uplift was due to buyers in the former camp.

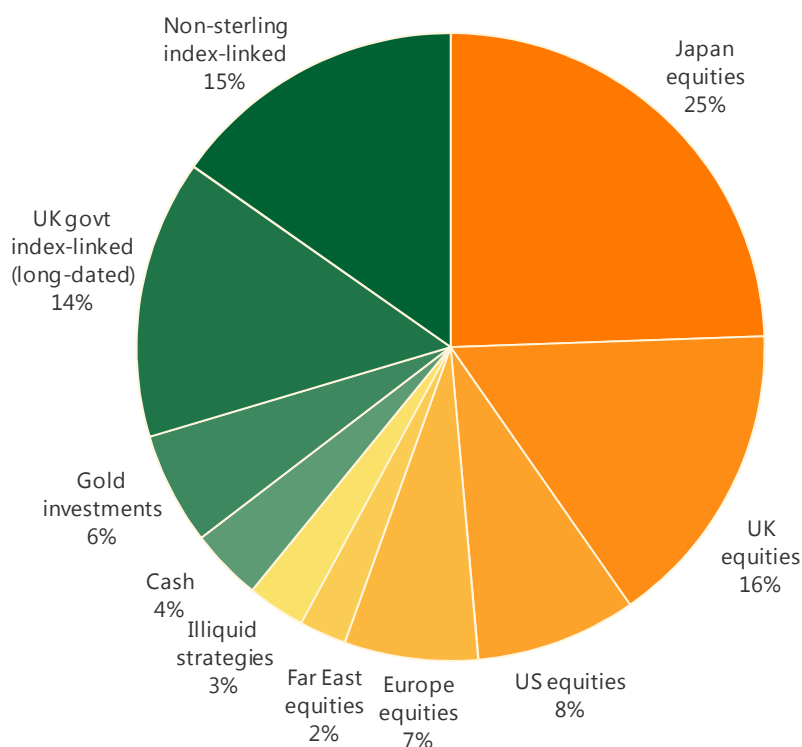
The equities were a mixed bag with only the Japanese stocks showing some consistency. Most of these posted modestly positive returns although we are still waiting for a meaningful change in monetary policy here. In an increasingly febrile market even stocks that posted solid results but had a whiff of caution in their outlook statements were

punished and Ericsson suffered in this respect.

It is never satisfactory to head sideways, which is what we have done so far in 2011, but when one considers the sequence of crises that have been thrown at financial markets this year (the Arab dawn, Chinese tightening, the Japanese earthquake, the Greek debt crisis, the US debt debate) the investment portfolio has adhered admirably to its capital preservation objective.

The stimulating effect of ultra low interest rates should not be underestimated and, despite the recent soft patch in developed economies, the persistence of loose monetary policy gives us greater confidence to keep faith in our equity positions (particularly in the US). However, the words of Franklin D Roosevelt should have some resonance with today's investors in risk assets – 'the only thing we have to fear is fear itself'. The virtuous cycle created by low interest rates can be quickly unwound by a loss of confidence similar to what has been seen in peripheral Europe and wild fires can spread quickly. Our belief is that in such an environment our protective assets will earn their keep and minimise short term volatility and in the longer run central bankers will keep to the script thus far pursued and remain alert to the potential need to react, or at least threaten to do so, if required.

## Portfolio structure as at 29 July 2011



Source: Ruffer LLP

## Ten largest holdings as at 29 July 2011

Stock	% of fund
1.25% Treasury index-linked 2017	6.3
US Treasury 2.125% TIPS 2040	5.9
1.25% Treasury index-linked 2055	5.5
US Treasury 1.625% TIPS 2018	4.8
US Treasury 1.625% TIPS 2015	4.7
CF Ruffer Baker Steel Gold Fund	3.5
Vodafone	3.4
T&D Holdings	3.3
CF Ruffer Japanese Fund	3.1
Ruffer Illiquid Strategies Fund 2009 Ltd	3.0

## Five largest equity holdings\* as at 29 July 2011

Stock	% of fund
Vodafone	3.4
T&D Holdings	3.3
Koninklijke KPN	2.8
Nippon Telegraph & Telephone	2.7
BT	2.6

\*Excludes holdings in pooled funds

Source: Ruffer LLP

## NAV valuation point

Weekly – Friday midnight  
Last business day of the month

## NAV

£253.4m (29 July 2011)

## Shares in issue

128,788,416

## Market capitalisation

£264.0m (29 July 2011)

## No. of holdings

51 equities, 6 bonds (29 July 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

### Enquiries

Alexander Bruce  
Tel +44 (0)20 7963 8104  
Ruffer LLP  
80 Victoria Street  
London SW1E 5JL  
Fax +44 (0)20 7963 8175  
rif@ruffer.co.uk  
www.ruffer.co.uk



**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 31 July 2011, funds managed by the group exceeded £12.2bn, of which over £5.3bn was managed in open-ended Ruffer funds.