



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

JANUARY 2012

ISSUE 80

Share price as at 31 Jan 2012

201.87p

NAV as at 31 Jan 2012

Net Asset Value (per share)

194.71p

Premium/(discount) to NAV

As at 31 Jan 2012

3.7%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

121.6%

£ Statistics since inception

| | |
|---------------------------------|--------|
| Standard deviation ² | 2.05% |
| Maximum drawdown ³ | -7.36% |

¹Including 16.0p of dividends

²Monthly data (Total Return NAV)

³Monthly data (Total Return NAV)

Percentage growth in total return NAV

| | |
|---------------------------|-------|
| 31 Dec 2010 – 30 Dec 2011 | 0.7% |
| 31 Dec 2009 – 31 Dec 2010 | 16.5% |
| 31 Dec 2008 – 31 Dec 2009 | 15.1% |
| 31 Dec 2007 – 31 Dec 2008 | 23.8% |
| 29 Dec 2006 – 31 Dec 2007 | 6.0% |

Source: Ruffer LLP

Six monthly return history

| Date | NAV (p) | TR NAV* (p) | % Total return |
|-----------|---------|-------------|----------------|
| 30 Dec 11 | 193.5 | 215.8 | -0.3 |
| 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 |
| 29 Jun 07 | 116.7 | 120.0 | -1.4 |
| 29 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

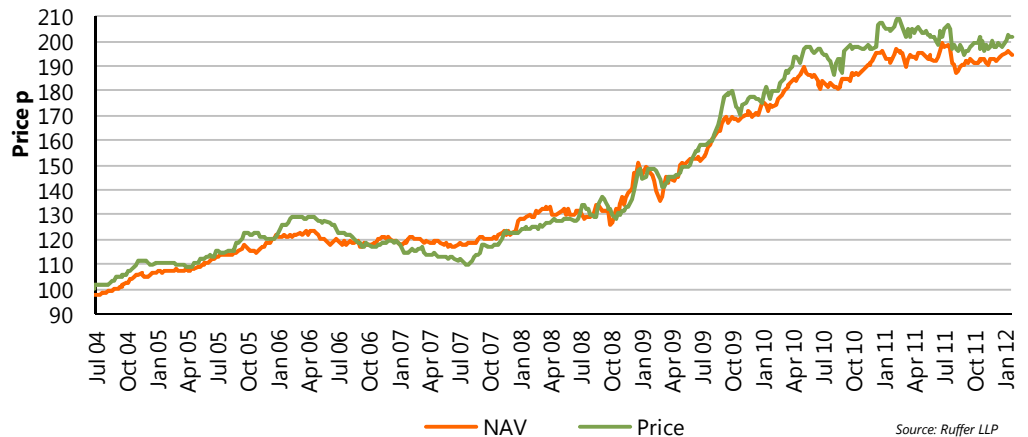
Dividends ex date: 0.5p 30 Mar 05, 30 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11

Ruffer 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



Investment report

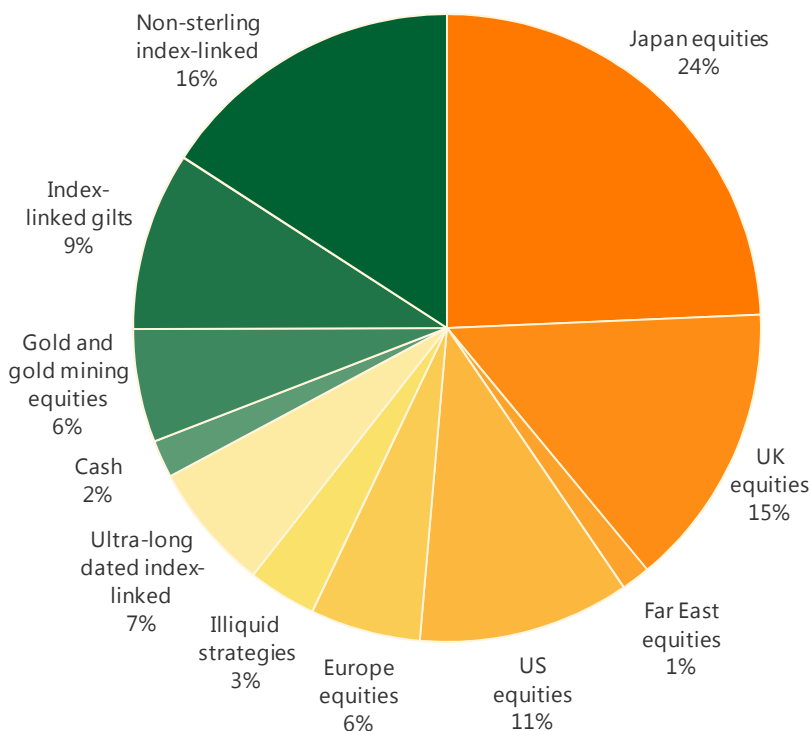
The net asset value at the end of January 2012 was 194.71p, up by 0.7% over the month and the share price rose by 1.8%. This was achieved against the backdrop of relatively benign equity markets; the FTSE All-Share rose 2.7% on a total return basis during the month.

Gold and Japanese equities were the stand out performers during the month and our exposure to the US dollar, which fell by 1.5% against sterling, was the principal drag on performance. One of our concerns in recent months has been that a sharp recovery in investor confidence would hurt our index-linked bond positions. The prices of index-linked bonds were driven up by safe haven buyers in 2011 and should this crowd feel that the storm has passed then they are likely to move out of safety and into risk assets. Index-linked bonds remain a cornerstone of our strategy; they may have become dangerous to own after a stellar run last year but we feel they are even more dangerous not to own in a world of sharply negative real interest rates. In this light January provided a useful test as risk assets were back in favour. Our answer was not to sell our index-linked bonds with a view to buying them back at a later date (too clever by half) but to increase the beta of our equity portfolio in order to capture as much of the upside in equities as we dare. Broadly speaking this approach worked in January although the safe haven that suffered most was the US dollar rather than index-linked bonds and the pain was felt through our

unhedged TIPS positions. Outside Japan and gold equities we made respectable returns in many of our holdings during the month – BT and Carphone Warehouse did well and we made a quick turn in Ocado (+61%) – but this was partially undone by profit warnings in Tesco, Ericsson and KPN. If the equity rally continues then the key battleground will be in our stock picking and with this in mind we have added to Johnson & Johnson and Resona and initiated positions in JPMorgan and Mizuho. They have all made respectable starts.

There was plenty of activity on the macro-economic front during the month but the common theme in the US, Europe and the UK was that falling inflation forecasts emboldened central banks to maintain (and extend) ultra-loose monetary policy. In the case of the Federal Reserve pledging to keep interest rates rock bottom until late 2014 smacks of moral hazard given that a lot can happen in three years and central bank inflation forecasting, over anything but the very short term, leaves a lot to be desired. There appears to be scope and appetite to provide further stimulus but the more interesting question is whether there will be the desire to whisk away the punch bowl just as the inflation party gets going. Admittedly it is possible that this could be some time away but the Fed has paved the way for later drinking hours and it will make it all the harder for Mr Bernanke to contain the revelry before it gets out of hand.

Portfolio structure as at 31 Jan 2012



Source: Ruffer LLP

Ten largest holdings as at 31 Jan 2012

| Stock | % of fund |
|----------------------------------|-----------|
| 1.25% Treasury index-linked 2017 | 7.5 |
| 1.25% Treasury index-linked 2055 | 6.6 |
| US Treasury 1.625% TIPS 2018 | 5.0 |
| US Treasury 1.625% TIPS 2015 | 4.2 |
| US Treasury 2.125% TIPS 2040 | 3.4 |
| Vodafone | 3.3 |
| US Treasury 1.875% TIPS 2015 | 3.2 |
| CF Ruffer Baker Steel Gold Fund | 3.2 |
| CF Ruffer Japanese Fund | 2.9 |
| T&D Holdings | 2.8 |

Five largest equity holdings* as at 31 Jan 2012

| Stock | % of fund |
|------------------------------|-----------|
| Vodafone | 3.3 |
| T&D Holdings | 2.8 |
| Johnson & Johnson | 2.5 |
| Nippon Telegraph & Telephone | 2.4 |
| INPEX | 2.3 |

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£260.1m (31 Jan 2012)

Shares in issue

133,588,416

Market capitalisation

£269.7m (31 Jan 2012)

No. of holdings

52 equities, 7 bonds (31 Jan 2012)

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

Northern Trust (Guernsey) Limited

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

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Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2012, funds managed by the group exceeded £13.1bn, of which over £5.6bn was managed in open-ended Ruffer funds.



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.



HAMISH BAILLIE
Investment Director

Joined Ruffer in 2002. He founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009. He manages investment portfolios for individuals, trusts, charities and pension funds and is part of the team managing the Ruffer Investment Company which is listed on the London Stock Exchange. He is a member of the Chartered Institute for Securities & Investment and a graduate of Trinity College Dublin.



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 JPMorgan European Investment Trust in 2005 and is co-manager of the CF Ruffer Total Return Fund.