



RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

FEBRUARY 2012

ISSUE 81

Share price as at 29 Feb 2012

203.50p

NAV as at 29 Feb 2012

Net Asset Value (per share)

197.42p

Premium/(discount) to NAV

As at 29 Feb 2012

3.1%

Launch price as at 8 Jul 2004

100.00p

RIC A Class since inception

Total Return (NAV)¹

126.5%

£ Statistics since inception

Standard deviation ²	2.05%
Maximum drawdown ³	-7.36%

¹Including 17.6p 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

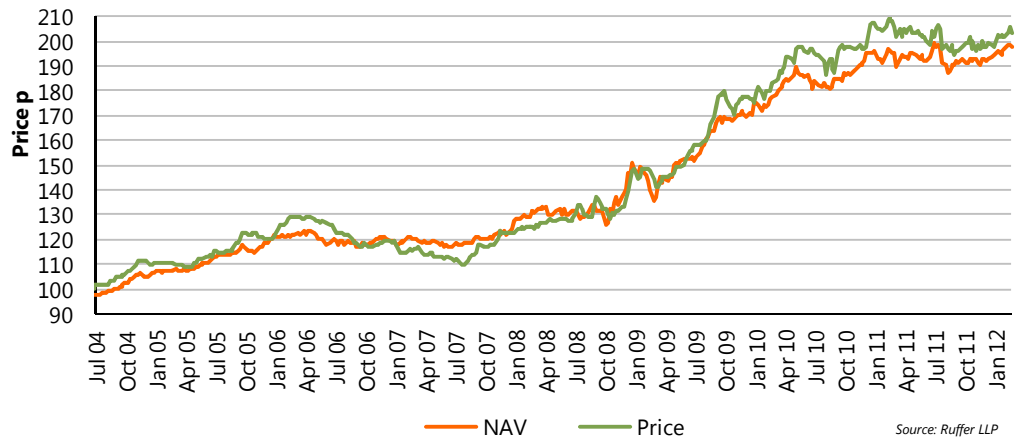
Dividends ex date: 0.5p 30 Mar 05, 30 Sep 05, 22 Mar 06 and 27 Sep 06, 1.25p 21 Mar 07, 26 Sep 07, 5 Mar 08 and 1 Oct 08, 1.5p 4 Mar 09, 30 Sep 09, 3 Mar 10, 1 Sept 10, 2 Mar 11 and 5 Oct 11, 1.6p on 29 Feb 12

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



Source: Ruffer LLP

Investment report

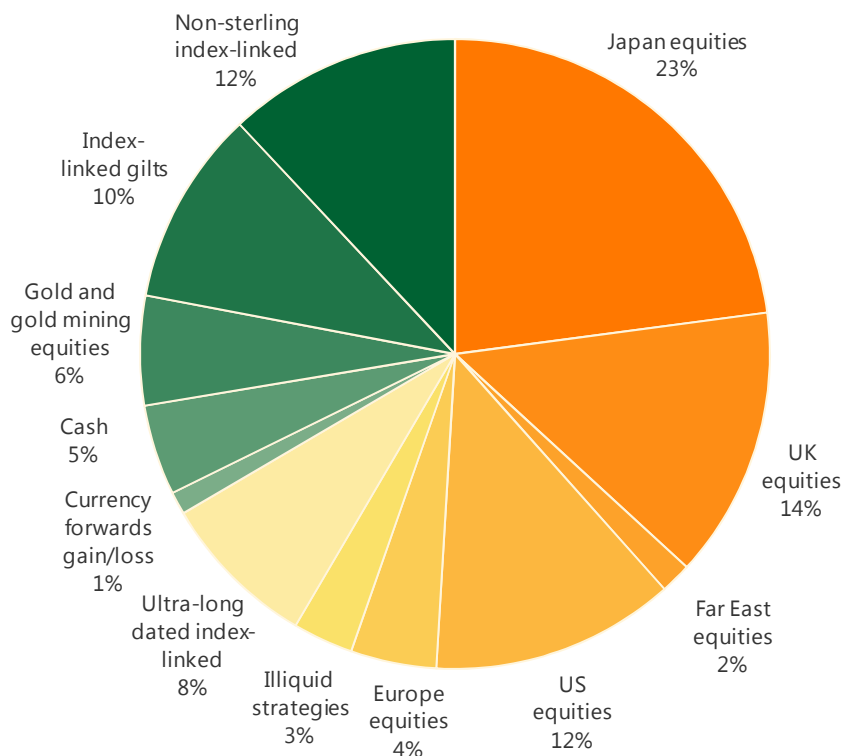
The net asset value at 29 February 2012 was 197.42p. An increase in the dividend was announced during the month and after allowing for this the appreciation in NAV was 2.2%. The FTSE All-Share rose 4.3% on a total return basis during the month.

Our long dated index-linked bonds (both in the UK and the US) and an unhedged position in the US dollar proved to be the dragging anchor during the month but this was more than offset by a solid performance of the portfolio's equity positions. Since the end of December we have been gradually increasing the beta of our equities and this has helped the performance in a rising market. Midway through February we added some protection in the form of put options; the animal spirits behind the strong run in equities have been ruling the roost recently, which in turn has brought the price of protection down to more reasonable levels.

On the macro side the well publicised events in Europe continued to unfold in a relatively positive fashion but unusually it was Japan that provided the most excitement. Our investors will be familiar with the refrain that we have been chanting for a weaker yen and the adrenaline shot this would give to the Japanese stock market. The yen weakened 7.5% during the month and our equity positions responded accordingly; with the currency exposure fully

hedged we were able to enjoy the full effect of this rise. Our Japanese financials rose by 15-20% and the more cyclical stocks also posted healthy gains. What brought this about? Well, the Japanese authorities actively targeted the currency, increased their asset purchase programme (read quantitative easing) by \$125bn and announced their intention to work towards a new inflation target. In the western world controlling inflation usually means keeping a lid on rising prices but in the topsy-turvy world of the rising sun this means trying to generate inflation to bring the rate up to something in the region of 1%. Given that companies and investors in Japan have become so accustomed to falling prices, the effect of a small amount of inflation could be dramatic; a growing top line will quickly reveal the cheapness of companies that have been cutting costs and prices for years. Of course, we have been down this road before and timidity on the part of policy makers meant that the effects were short lived. The cynics will argue that the wrong assets are being bought in the QE programme and the inflation target is dressed up in very woolly language. Perhaps we will be disappointed again but the positive actions and change in language, coupled with a growing throng of politicians putting pressure on the Bank of Japan to fight deflation, certainly gets a hungry investor's saliva glands working.

Portfolio structure as at 29 Feb 2012



Source: Ruffer LLP

Ten largest holdings as at 29 Feb 2012

Stock	% of fund
1.25% Treasury index-linked 2017	8.4
1.25% Treasury index-linked 2055	6.0
US Treasury 1.625% TIPS 2018	4.8
US Treasury 1.625% TIPS 2015	4.1
Vodafone	3.2
T&D Holdings	3.1
CF Ruffer Baker Steel Gold Fund	3.1
US Treasury 1.875% TIPS 2015	3.1
CF Ruffer Japanese Fund	3.0
Johnson & Johnson	2.3

Five largest equity holdings* as at 29 Feb 2012

Stock	% of fund
Vodafone	3.2
T&D Holdings	3.1
Johnson & Johnson	2.3
INPEX	2.3
BT	2.3

*Excludes holdings in pooled funds

Source: Ruffer LLP

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV

£267.4m (29 Feb 2012)

Shares in issue

135,438,416

Market capitalisation

£275.6m (29 Feb 2012)

No. of holdings

49 equities, 7 bonds (29 Feb 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 29 February 2012, funds managed by the group exceeded £13.5bn, of which over £5.8bn 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.