

**JULY 2014**

ISSUE 110

Share price as at 31 Jul 2014**202.50p****NAV as at 31 Jul 2014****206.09p****Premium/(discount) to NAV****-1.7%****NAV total return¹****144.2%****Portfolio analytics²** %

Standard deviation 1.94

Maximum drawdown -7.36

¹Including 24.2p of dividends²Monthly data (Total Return NAV)**Percentage growth in total return NAV**

30 Jun 2013 – 30 Jun 2014 -2.6

30 Jun 2012 – 30 Jun 2013 13.8

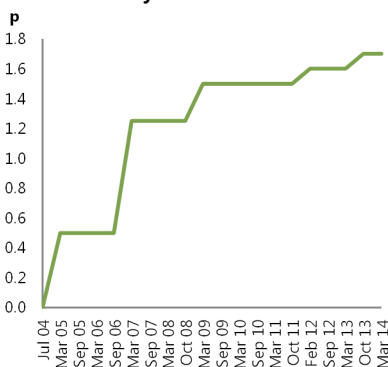
30 Jun 2011 – 30 Jun 2012 -0.3

30 Jun 2010 – 30 Jun 2011 8.8

30 Jun 2009 – 30 Jun 2010 21.8

30 Jun 2008 – 30 Jun 2009 18.6

Source: RAIFM

Dividend history

Source: RAIFM. Dividends are paid twice yearly. Please see overleaf for ex-dividend dates.

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.

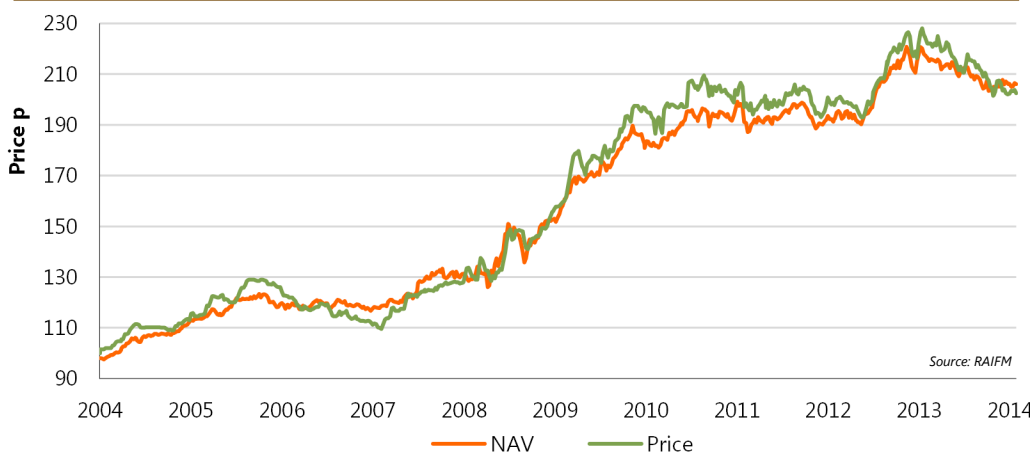
RUFFER INVESTMENT COMPANY LIMITED

An alternative to alternative asset management

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 predominantly in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supranationals or government organisations.

RIC performance since launch on 8 July 2004



Source: RAIFM

Investment report

The net asset value at 31 July was 206.09p, almost unchanged over the month (206.05p at 30 June). The FTSE All-Share Total Return Index posted its second consecutive monthly decline, falling by 0.3%.

Positive contributions for the most part came from the portfolio's protective investments. Index-linked bonds in the UK and the US edged into positive territory, gold equities managed to sneak into the black and the US dollar rose 1.3% against sterling adding 32bps to the return. Equities had a tougher month and cost us 24bps although Japan broke even and ITV had a good month rising 17%. There has been significant corporate activity in the media sector and when Liberty Global (owner of Virgin Media) acquired a 6.4% stake in ITV this brought the company into focus as a potential takeover target.

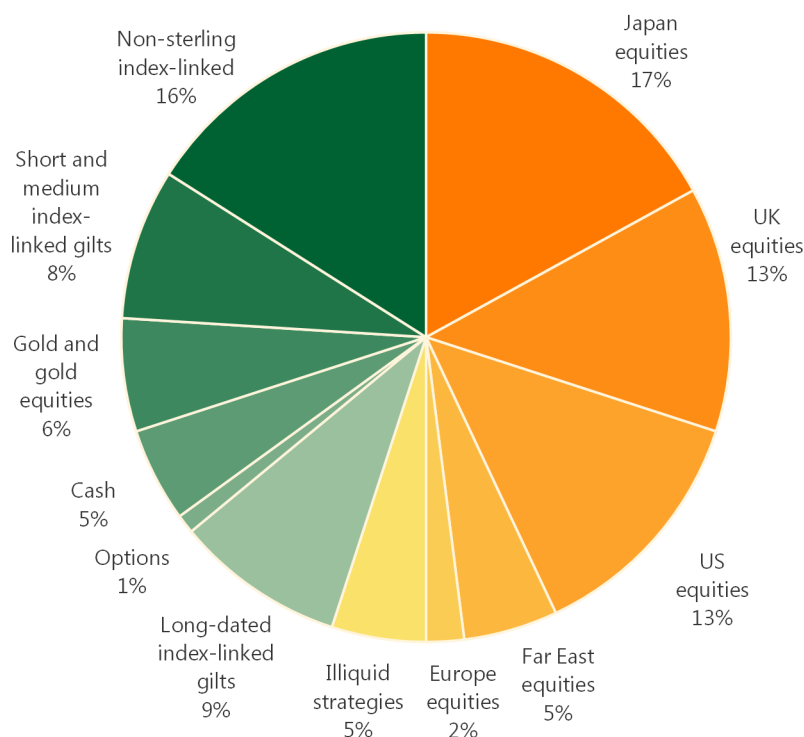
The recent fall in equity markets reminds us of the important role the US dollar plays as an offsetting asset in the Company's portfolio. At the month end we were 25% exposed to the dollar; this is as much a reflection of the dollar's protective credentials as it is of sterling's frailties. Sterling has been an outright beneficiary of the UK's co-ordination of fiscal and monetary policy as tools to kick-start the economy. If this recovery proves unsustainable then sterling is vulnerable and particularly so when one also factors in the looming political uncertainty surrounding

the Scottish referendum, a general election and the question of EU membership. In a world of ZIRP (Zero Interest Rate Policy) where asset prices are distorted and affordable offsets are hard to come by, currencies, the deepest market in the world, are useful. We have witnessed the dollar's protective characteristics in 2010 and 2011 in the various iterations of the eurozone crisis, when it helped protect shareholders as other assets, notably equities, fell in value. Over the last 12 months dollar protection has come at a price as we have been buffeted by a combination of sterling strength and dollar weakness. Our exposure to the Greenback comes via unhedged holdings in US index-linked bonds (TIPS) and US equities.

There was little trading during the month and the shape of the portfolio remains broadly the same as it was at the date of the last report.

In order to ensure compliance with the Alternative Investment Fund Manager's Directive (AIFMD), on 10 July the Company's Board approved the appointment of Ruffer AIFM Limited, a wholly owned subsidiary of Ruffer LLP, as the Company's alternative investment fund manager. Ruffer AIFM Limited took over from Ruffer LLP on 22 July 2014, as stated in the RNS dated 18 July 2014.

Portfolio structure as at 31 Jul 2014



Source: RAIFM

Ten largest holdings as at 31 Jul 2014

Stock	% of fund
1.25% Treasury index-linked 2017	7.1
1.25% Treasury index-linked 2055	5.6
US Treasury 0.625% TIPS 2021	3.8
US Treasury 1.625% TIPS 2018	3.7
0.375% Treasury index-linked 2062	3.4
BP	3.0
US Treasury 0.625% 2043	2.8
T&D Holdings	2.7
Gold Bullion Securities	2.6
CF Ruffer Japanese Fund	2.4

Five largest equity holdings* as at 31 Jul 2014

Stock	% of fund
BP	3.0
T&D Holdings	2.7
Mitsubishi UFJ Finance	2.2
IBM	2.0
Lockheed Martin	1.7

*Excludes holdings in pooled funds

Source: RAIFM

NAV valuation point

Weekly – Friday midnight
Last business day of the month

NAV £317.4m (31 Jul 2014)

Shares in issue 154,013,416

Market capitalisation £311.9m (31 Jul 2014)

No. of holdings 61 equities, 11 bonds (31 Jul 2014)

Share price Published in the Financial Times

Market makers Canaccord Genuity
Cenkos Securities | Numis Securities
JPMorgan Cazenove | Winterflood Securities



HAMISH BAILLIE Investment Director

Joined the Ruffer Group in 2002. Founded and manages the Edinburgh office of Ruffer LLP which opened in September 2009 and is a director of Ruffer (Channel Islands) Limited. As well as acting as the lead manager on the Ruffer Investment Company he also manages investment portfolios for individuals, trusts, charities and pension funds. 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 the Ruffer Group 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.

Company information

Company structure	Guernsey domiciled limited company
Share class	£ sterling denominated preference shares
Listing	London Stock Exchange
NMPI status	Excluded security
Wrap	ISA/SIPP qualifying
Discount management	Share buyback Discretionary redemption facility
Investment Manager	Ruffer AIFM Limited
Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited
Custodian	Northern Trust (Guernsey) Limited
Ex dividend dates	March, September
Stock ticker	RICA LN
ISIN	GB00B018CS46
SEDOL	B018CS4
Charges	Annual management charge 1.0% with no performance fee

Enquiries

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Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2014, assets managed by the group exceeded £16.8bn.