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A copy of this document which comprises a prospectus with regard to Ruffer Investment Company Limited (the "Company") prepared in accordance with the Listing Rules and the Prospectus Rules of the Financial Services Authority made under section 73A of the FSMA, has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Company has been declared by the Guernsey Financial Services Commission (the "GFSC") to be an authorised closed-ended investment scheme pursuant to section 8 of The Protection of Investors (Bailiwick of Guernsey Law, 1987) as amended (the "POI Law"). The Company is subject to compliance with The Authorised Closed-Ended Investment Schemes Rules 2008 (the "Rules") and in particular the ongoing notification requirements contained within part 5 of the Rules and as such the Company is subject to continuing supervision by the GFSC. The Company is domiciled in Guernsey. As an existing closed-ended investment scheme the Company is deemed to be granted an authorisation declaration in accordance with Section 8 of the POI Law and Rule 6.02 of the Rules on the same date as the Company obtained consent under The Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959-1989, as if the Rules had been in operation on that date. The GFSC has not reviewed this document and neither it nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it in this document. Notification of the Placing has been made to the GFSC. As a listed investment company, the Company is subject to the Listing Rules of the Financial Services Authority applicable to closed-ended investment companies.

Applications have been made to the Financial Services Authority for all the Shares to be issued under the Placing to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings will commence on 20 September 2010.

The Company and the Directors of the Company, whose names appear on page 15 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure this is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

For a discussion of certain risk and other factors that should be considered in connection with an investment in the Shares, see "Risk Factors" set out on pages 7 to 11 of this document.

RUFFER INVESTMENT COMPANY LIMITED

(an authorised closed-ended investment company incorporated in Guernsey with registration number 41996)

Placing of Shares of 0.01 pence each to raise up to £50 million

**Manager
RUFFER LLP**

**Sponsored by
CENKOS SECURITIES PLC**

Cenkos Securities, which is authorised in the United Kingdom by the Financial Services Authority, is acting for the Company and for no one else in connection with the Placing. It will not regard any other person (whether or not a recipient of this document) as its client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities or for giving advice in relation to the Placing or any transaction or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cenkos Securities by the FSMA or the regulatory regime established thereunder, Cenkos Securities does not accept any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Placing. Cenkos Securities accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

In connection with the Placing, Cenkos Securities and any of its affiliates acting as an investor for its or their own account(s), may subscribe for Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities in the Company, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by Cenkos Securities and any of its affiliates acting as an investor for its or their own account(s). Cenkos Securities does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The distribution of this document in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. This document does not constitute or form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful. In particular, no Shares have been, or will be, registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"), or under the securities laws of any state or other political sub-division of the United States or under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Accordingly, subject to certain exceptions, no Shares may, directly or indirectly, be offered, sold, transferred, taken up or delivered, directly or indirectly, in the United States, Australia, Canada, the Republic of South Africa or Japan or for the benefit of any US Person (as defined in Regulation S of the Securities Act) and this document will not be posted to any person in the United States, Australia, Canada, the Republic of South Africa or Japan. In addition, the Company has not been nor will be registered under the US Investment Company Act of 1940, as amended.

2 September 2010

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SUMMARY INFORMATION

This summary should be read as an introduction to the full text of this document and any decision to invest in the Shares should be based on consideration of the full text of this document as a whole and not solely on this summarised information. Where a claim relating to the information contained in this document is brought before a court, a plaintiff investor may, under the national legislation of an EEA State, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.

Introduction to the Company

The Company is a London listed authorised closed-ended investment company which was incorporated in Guernsey with limited liability on 1 June 2004 with the objective of achieving a positive total annual return, after all expenses, of at least twice the Bank of England base rate. Following the passing of a continuation resolution at the annual general meeting of the Company held in 2007 the Company has an indefinite life. The Company is managed by Ruffer LLP, a limited liability partnership incorporated in England and Wales, which is authorised and regulated in the UK by the FSA.

As at 27 August 2010, (being the latest practicable date prior to the publication of this document), the Company had unaudited net assets of £177.5 million and a market capitalisation of £189.7 million.

Reasons for the Placing

The Directors have decided to increase the size of the Company through the Placing to raise up to £50 million to invest in accordance with the Company's investment policy. It is expected that the Placing will broaden the Company's investor base and improve market liquidity for existing Shareholders. In addition, the increased size of the Company should mean that the fixed costs of operating the Company will be spread across a larger asset base than at present, which will benefit all Shareholders.

Summary investment policy

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 base rate by investing in internationally listed or quoted equities or equity related securities (including convertibles) and/or bonds which are issued by corporate issuers, supra-nationals or government organisations.

In selecting investments the Company adopts a stock picking approach and does not adopt any investment weightings by reference to any benchmark. Both the Board and the Manager believe that the adoption of any index related investment style would inhibit the ability of the Company to deliver its objectives.

The Company invests across a broad range of assets, geographies and sectors in order to achieve its objective. This allocation will change over time to reflect the risks and opportunities identified by the Manager across global financial markets, with an underlying focus on capital preservation. The allocation of the portfolio between equities and bonds will vary from time to time so as to enable the Company to achieve its objective. There are no restrictions on the geographical or sectoral exposure of the portfolio (except those restrictions noted below).

The universe of equity, equity related securities or bonds in which the Company has been and will continue to invest is wide and may include companies domiciled in, and bonds issued by entities based in, non-European countries, including countries that are classed as emerging or developing. This may result in a significant exposure to currencies other than sterling.

It is not intended for the Company to have any structural gearing. The Company has the ability to borrow up to 30 per cent. of the Net Asset Value at any time for short term or temporary purposes, as may be necessary for settlement of transactions, to facilitate share redemption or to meet ongoing expenses. The Company is not geared at the present time.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

Directors

The Company has six non-executive directors, all of whom, except Wayne Bulpitt and Peter Luthy, are independent of the Investment Manager, as follows:

- John Anthony de Havilland;
- Wayne Bulpitt;
- Jeannette Elaine Etherden;
- Peter William Luthy;
- Christopher Paul Spencer; and
- Ashe George Russell Windham.

Manager

The Company is managed by Ruffer LLP, an independent and privately owned investment management firm which employs around 113 people, with offices in London, Edinburgh and Hong Kong. As at 31 July 2010 Ruffer managed £8.1 billion of assets for a broad range of clients.

The Manager is entitled to a management fee payable monthly in arrears at a rate equivalent to 1 per cent. per annum of the Net Asset Value of the Company.

The Placing

Shares up to an aggregate value of £50 million are available under the Placing at the Placing Price. The Placing Price is expected to be announced through a Regulatory Information Service on 13 September 2010 and will be calculated by applying a premium of 2 per cent. to the unaudited Net Asset Value per Share as at the close of business on the Calculation Date (rounded up to the nearest tenth of one penny).

The Placing is conditional, *inter alia*, upon Admission and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms at any time prior to Admission.

The estimated Net Proceeds are expected to be £48.8 million (on the basis that the Placing is fully subscribed). The estimated Net Proceeds of the Placing will be applied in accordance with the Company's investment policy described in Part 1 of this document.

Purchase of own Shares by the Company

The Company may purchase Shares in the market with a view to addressing any imbalance between the supply of and demand for Shares, to increase the Net Asset Value per Share and to assist in minimising any discount to Net Asset Value at which Shares may be trading.

A resolution was passed granting the Company authority to make market purchases of up to 14.99 per cent. of its own issued Shares at the annual general meeting of the Company held on 26 November 2009. Such authority will expire at the conclusion of the next annual general meeting of the Company which is expected to be held in November 2010. A renewal of the authority to make purchases of Shares will be sought from Shareholders at each annual general meeting of the Company or, more frequently, at an extraordinary general meeting of Shareholders, if required. Purchases of Shares will be made within guidelines established from time to time by the Board. The timing of any such purchases will be decided by the Board.

Further issues of Shares

The Directors are currently empowered until the 2013 annual general meeting of the Company to issue further Shares on a non pre-emptive basis under the authority of a special resolution passed at an extraordinary general meeting of the Company held on 6 August 2010. The Directors will consider issuing further Shares at not less than the prevailing Net Asset Value per Share where there is significant demand for further Shares and as part of the process of managing any premium which may arise in the market price of the Shares as compared to the prevailing Net Asset Value per Share.

Dividend policy

It is the intention of the Directors to continue to pay dividends on the Shares in respect of each financial year. Any dividends will be declared semi-annually in September and March each year.

An interim dividend of 1.5 pence per Share in respect of the six month period ended 31 December 2009 was declared on 25 February 2010 and paid on 26 March 2010 and an interim dividend of 1.5 pence per Share was declared on 25 August 2010 in respect of the six month period ended 30 June 2010 and will be paid to Shareholders on the register as at 3 September 2010 on or around 24 September 2010. For the avoidance of doubt holders of the Placing Shares will not be entitled to this dividend but will be entitled to any dividends declared in the future.

Dividend payments by the Company will depend on the income stream generated by the underlying investments in the Company's investment portfolio and no assurance can be given that dividends will continue to be paid.

The Company's investment restrictions currently provide that dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company.

Key risk factors

The principal risk factors affecting the Company and the Shares are considered to include the risk factors set out below. These risk factors are given for your protection and should be read and carefully noted. Unless you fully consider and understand the risks of investment you should not invest in the Shares.

- The market price and the realisable value of the Shares, as well as being affected by their underlying Net Asset Value, will be affected by prevailing interest rates, supply and demand for shares, market conditions and general investor sentiment. As such, the market value and the realisable value of the Shares will fluctuate and may vary considerably from their Net Asset Value.
- Investments which the Company makes in below investment grade debt and other securities involves a greater volatility of price and a greater probability of default by the issuers of such securities with consequent loss of interest payment and principal.
- Debt instruments held by the Company will be affected by general changes in interest rates and there can be no assurance as to the levels of default and/or recovery that may be experienced with regard to the Company's debt security investments.
- The Company may use derivative instruments to hedge against market, currency or other risks for efficient portfolio management purposes. Such hedging may cause losses. Counterparties may wholly or partially fail to honour their contractual obligations regarding the return of collateral held by them on behalf of the Company.
- In the event of a winding-up of the Company, Shares will rank behind any creditors of the Company and therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.
- There is no guarantee that the investment policy adopted by the Company will provide the returns sought by the Company. There can be no guarantee, therefore, that the Company will continue to achieve its investment objective.
- Changes in economic conditions, interest rates, foreign exchange rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax and other laws and other factors as well as regulatory changes in jurisdictions in which the Company holds (directly or indirectly) assets, can substantially and adversely affect the value of the Company's investments and, therefore, the Company's performance and prospects. Any change in the Company's tax status or in taxation legislation in either Guernsey, the UK or elsewhere could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.
- The Company accounts for its activities and reports its results in sterling while investments may be made and realised in other currencies. The Net Asset Value of the Shares is reported in sterling and any dividends (if any) on the Shares are declared and paid in sterling. The movement of exchange rates between sterling and the other currencies in which the Company's investments are denominated or its borrowings are drawn down, may have a material effect, unfavourable as well as favourable, on the returns otherwise experienced on the investments made by the Company.
- The past performance of the Company and assets or funds managed by the Manager is not indicative of the future performance of the Company or the Manager and there is no assurance that the Company and Manager will achieve comparable results.

- The success of the investment policy of the Company is dependent upon the expertise of the Manager and its ability to attract and retain suitable staff. There can be no guarantee that individual fund managers will remain with the Manager. The departure of an individual fund manager from the Manager may have an adverse effect on the performance of the Company.
- The Manager and its affiliates serve as manager to other investment vehicles that may give rise to conflicts of interest with the Company which may have an adverse effect on the performance of the Company.
- The Company does not have a fixed winding-up date and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment in the Shares through the market.

RISK FACTORS

An investment in the Shares is only suitable for institutional investors and professionally advised private investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio.

Investors are referred to the risks set out below. Only those risks which are material and currently known to the Company have been disclosed. Investment in the Company should not be regarded as short term in nature and is suitable only for persons who can bear the economic risk of a substantial or entire loss of their investment and who can accept that there may be limited liquidity in the Shares. The information below does not purport to be an exhaustive list or summary of the risks which the Company may encounter and is not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Company, or that the Company deems to be immaterial, may also have an adverse effect on its business. Potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application for Shares.

The Placing is designed to be suitable for institutional investors and professionally advised private investors who are capable of evaluating the risks and merits of such an investment and have sufficient resources to bear any loss which may result from such an investment.

General

Investment in the Shares should not be regarded as short term in nature and may not be suitable as a short term investment. The value of an investment in the Company, and income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The Shares

- The value of the Shares can go down as well as up. The market price and the realisable value of the Shares, as well as being affected by their underlying Net Asset Value, will be affected by prevailing interest rates, supply and demand for such shares, market conditions and general investor sentiment. As such, the market value and the realisable value of the Shares will fluctuate and may vary considerably from their Net Asset Value.
- The published market price of the Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of shares and the price at which they can be sold, there is no guarantee that the realisable value of the Shares will be the same as the published market price.
- Although the Shares are traded on the London Stock Exchange, it is possible that there may not be a liquid market in the Shares and, consequently, Shareholders may have difficulty in selling their holdings. Any Shareholder wishing to dispose of his Shares in the secondary market may only do so by selling them at whatever price a buyer may be prepared to pay for them in the secondary market. There may be no buyer of the requisite amount of Shares on certain dates, which may prevent Shareholders from selling their Shares.
- The Company may purchase Shares in the market and implement an annual redemption of up to 25 per cent. of the issued Shares in order to address any imbalance in the supply of and demand for the Shares and to assist in limiting any discount to the Net Asset Value at which the Shares may be trading. However, there can be no guarantee that any of these powers will be exercised or that, if exercised, there will be any resulting reduction in the discount.

Investment Policy

There is no guarantee that the investment policy adopted by the Company will provide the returns sought by the Company. There can be no guarantee, therefore, that the Company will continue to meet its investment objectives.

A proportion of the Company's portfolio may be held in cash or cash-equivalent investments. Such proportion of the Company's assets will not be invested in the market and will not benefit from positive market movements but would give some protection against negative market movements.

General risks associated with the Company's investments

Changes in economic conditions, interest rates, foreign exchange rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax and other laws and other factors can substantially and adversely affect the value of the Company's investments and, therefore, the Company's performance and prospects.

The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of investments, and there can be no assurance that appreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company's valuation of that investment for the purposes of calculating Net Asset Value.

Debt instruments held by the Company will be affected by general changes in interest rates that will in turn result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise, and when interest rates rise, the value of those investments can decline. There can be no assurance as to the levels of default and/or recovery that may be experienced with regard to the Company's debt security investments.

To the extent that the Company invests in below investment grade debt and other securities the Company may realise a higher current yield than the yield offered by investment grade securities, but investment in such securities involves a greater volatility of price and a greater probability of default by the issuers of such securities with consequent loss of interest payment and principal. Sub-investment grade securities will have, in the judgement of a rating agency, uncertainties or risk exposures to adverse conditions, and are speculative with respect to an issuer's capacity to meet interest payments and repay principal in accordance with the terms of the obligation.

Adverse changes in the financial position of an issuer of high yielding securities or general economic conditions may impair the ability of the issuer to meet interest payments and repayments of principal. There can be no assurance as to the levels of default and/or recovery that may be experienced with respect to the Company's debt security investments.

Adverse changes in the rating of credit instruments in which the Company invests, including sovereign and corporate bonds, may adversely impact the value of such investments in the Company's portfolio.

The Manager may allocate part of the Company's assets to strategies related to emerging markets. Liquidity and settlement risks may be greater in emerging markets and accounting standards may not provide the same degree of shareholder or creditor protection as would generally apply internationally. In addition, assets located in offshore jurisdictions may be subject to increased political and/or regulatory risk.

There can be no guarantee as to the liquidity of the Company's investments. The Company may invest in securities which are not readily tradeable or may accumulate investment positions which may be difficult to sell at their market value which may adversely impact the Company's returns to Shareholders.

Past performance

The past performance of the Company and assets or funds managed by the Manager is not necessarily indicative of the future performance of the Company or the Manager and there is no assurance that the Company and Manager will achieve comparable results.

Life of the Company

Following the passing of a continuation resolution at the annual general meeting of the Company held on 8 November 2007, the Company has an unlimited life. Shareholders have no right to redeem their Shares and will only be able to realise their investments by selling their Shares in the secondary market or by participating in any redemption facility offered or share buy back programme undertaken by the Company.

Investor returns

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Company's investments. No guarantee is given, express or implied, that Shareholders will receive back the amount of their investment in the Shares. Further, the value at

which its investments can be liquidated may differ, sometimes significantly, from the valuations calculated by the Manager.

In addition, the timing of disposals of investments may also affect the values obtained through such disposals. Investments held by the Company may routinely trade with bid-offer spreads that may be significant. At times, third-party pricing information may not be available for certain positions held by the Company. This may affect the actions which the Company or the Manager is able to take in respect of the Company's portfolio and the prices which can be achieved on divestments.

Dividend growth on the Shares will depend principally on dividend growth in the underlying portfolio. Dividend cuts by companies or reduced yields on debt investments within the portfolio could result in the Shares yielding less in future years. Any change in the asset allocation in the Company's portfolio or the tax treatment of dividends or interest received by the Company may reduce the level of yield received by Shareholders.

Regulatory change

Future regulatory changes in jurisdictions in which the Company is established or holds (directly or indirectly) assets could limit the ability of the Company to carry out its business as described in this document and/or could have a material adverse effect on its returns.

The Company must comply with the Listing Rules for premium listed equity securities and the Disclosure Rules and Transparency Rules. So far as the Company is aware, as at the date of this document, the Company complies with the Listing Rules and there is no material risk in the systems and controls of the Company. Any failure to comply with any changes to the Listing Rules may result in the Shares being suspended from listing.

Draft Alternative Investment Fund Managers Directive

A draft European Directive on Alternative Investment Fund Managers ("AIFM") was recently published. In its current form, the draft AIFM Directive restricts the marketing of non-European Union ("non-EU") Alternative Investment Funds, or funds managed by non-EU investment managers, to investors in the European Union ("EU"). As drafted, the restriction would prohibit such marketing in the EU, save where certain conditions are met. Consequently, there may be restrictions on the marketing of the Shares to investors in the EU, due to the fact that the Company is incorporated in Guernsey, which in turn may have a negative effect on marketing and liquidity generally.

At the moment, it is not possible to establish whether amendments to the draft AIFM Directive will be made before its inception. The Directors propose to keep the position regarding the AIFM Directive under review, as it may impact the Company.

ERISA considerations

The purchase of Shares by an employee benefit plan subject to the US Employee Retirement Income Security Act of 1976, as amended ("ERISA"), or Section 4975 of the US Internal Revenue Code, as amended ("US Code"), or by any entity whose assets are treated as assets of any such plan, could result in the assets of the Company being considered plan assets for the purposes of ERISA, and/or Section 4975 of the US Code and regulations made thereunder. In such circumstances the Company, the Manager and also the fiduciaries of such an employee benefit plan could be liable for any ERISA violations by the Company or the Manager and for other adverse consequences under ERISA. Each purchaser and transferee of a Share will be deemed to have represented by its purchase or receipt of the Share (as the case may be), and throughout the period that it holds the Share (as the case may be) that it is not an employee benefit plan subject to ERISA or Section 4975 of the US Code or an entity whose assets are treated as assets of any such employee benefit plan. The Directors are also empowered by the Articles to require Shareholders which they consider may, because of their shareholding, result in the assets of the Company being considered plan assets to transfer their Shares in order to reduce this risk materialising.

Fund management

The success of the investment policy of the Company is dependent upon the expertise of the Manager and its ability to attract and retain suitable staff. There can be no guarantee that individual fund managers will remain with the Manager. The departure of an individual fund manager from the Manager may have an adverse effect on the performance of the Company.

The management of the Company's portfolio requires specialist skills and experience and, in the event of an individual fund manager or managers managing the portfolio of the Company leaving the employment of the Manager, it may be difficult or not possible for the Manager to identify and recruit replacements with the necessary skills.

Conflicts of interest

The Manager and its affiliates serve as the manager to other clients. As a result, the Manager and its affiliates may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients, including ones in which the Manager and its affiliates may have a greater financial interest. Where appropriate, the Manager and its affiliates may give advice or take action with respect to such other clients that differs from the advice given to, or action taken in relation to, the Company.

The Manager and its affiliates may be involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Manager may provide investment management, investment advice or other services in relation to other funds which may have similar investment policies to that of the Company or funds in which the Company invests.

Such conflicts of interest may be to the detriment of the Company and could have a material adverse effect on the Company's performance.

Please see pages 26 to 27 of this document for details on how the Company and the Manager manage these potential conflicts of interest.

Foreign investment and exchange risks

The Company's share capital is denominated in sterling while some investments are likely to be made and realised in other currencies. The Company's Net Asset Value is reported in sterling, dividends (if any) are declared in sterling and payment of dividends (if any) are made in sterling. The Company does not intend to engage in currency hedging except where the Manager considers such hedging to be in the interests of efficient portfolio management. Movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated may have a separate effect, unfavourable as well as favourable, on the return otherwise experienced on the investments made by the Company. Although the Manager may seek to manage any foreign exchange exposure in relation to the Company, there is no assurance that this can be performed effectively. The costs, expenses and profits of any currency hedging may force the Manager to realise underlying investments as well as affecting the overall value of the portfolio and the Net Asset Value per Share.

Movements in the foreign exchange rate between sterling and the currency applicable to a particular Shareholder may have an impact upon such Shareholder's returns in their own currency of account.

Suspension of trading

Securities and commodity exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for the Company to liquidate positions and thereby expose the Company to losses.

Derivatives

The Company may use derivative instruments, including (but not limited to) futures, options, swap arrangements, structured products, warrants and forward currency contracts to hedge against market, currency or other risks for efficient portfolio management purposes. Such hedging may cause losses.

Derivatives and other exposures may be unlisted, difficult to value and, under certain circumstances, difficult to close out without incurring transactions costs that may impact Shareholder returns.

The Company may use one or more separate counterparties to undertake derivative transactions on behalf of the Company, and may be required to pledge collateral paid out of the property of the Company to secure the Company's obligations under such contracts. There may be a risk that the counterparty will wholly or partially fail to honour its contractual obligations regarding the return of collateral and any other payments due to the Company.

Gearing

Although the Company has no structural gearing and is not geared as at the date of this document, it has the ability to borrow up to 30 per cent. of its Net Asset Value. The use of gearing would lead to greater volatility in the Net Asset Value of the Shares in that a relatively small movement in the underlying assets will result in a magnified movement, in the same direction in the Net Asset Value of the Shares. This gearing effect would be increased by any investments in geared shares of other investment entities.

Further, the return on the Company's investments and the amount of cash available for distribution to Shareholders may be reduced to the extent that changes in market conditions cause the cost of these borrowings to increase relative to the income that can be derived from the Company's underlying assets.

When geared the Company will be exposed to risks associated with movements in prevailing interest rates which may adversely affect the Company's prospects and the value of the Company's portfolio.

Exchange controls

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally reduce the income received by the Company on its investments.

Changes in taxation

Any change in the Company's tax status or in taxation legislation in either Guernsey, the UK or elsewhere could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

Statements in this document concerning the taxation of the Company and Shareholders are based upon current tax law and what is understood to be current practice, both of which are subject to change which could adversely affect the ability of the Company to meet its investment objective and could adversely affect the taxation of Shareholders. The Directors have been advised that the Company should not be an offshore fund for the purposes of UK taxation, but should the Company become an offshore fund for the purposes of UK taxation as a result of changes in current UK tax law and/or practice, this will, compared to current UK tax law and practice, have adverse tax consequences for UK Shareholders.

Further, the taxation of an investment in the Company will depend on the individual circumstances of the investor, and prospective investors who are in any doubt should consult their tax advisers before making an investment in the Company.

Tax residency

In order to maintain its non-UK resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board, the place of residence of the individual Directors and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-UK tax resident status of the Company. Although the Company is established outside the United Kingdom continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. As such, management errors could potentially lead to the Company being considered a UK tax resident which would negatively affect its financial and operating results, the value of the Shares and/or the post-tax return to Shareholders.

IMPORTANT NOTICE

Investors should rely only on the information contained in this document. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Placing and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Manager. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA, neither the delivery of this document nor any subscription or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult its own solicitor, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of Shares.

Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, prospects, growth and strategies and the regulatory environment and industry in which the Company operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors discussed in “Risk Factors” on pages 7 to 11 of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth and strategies and liquidity. Investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Subject to the requirements of the Prospectus Rules, the Listing Rules and the Disclosure Rules and Transparency Rules, the Company undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company’s expectations or to reflect events or circumstances after the date of this document. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 7 of Part 3 of this document.

Times and dates

References to times and dates in this document are, unless otherwise stated, to United Kingdom times and dates.

Distribution

The distribution of this document in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. This document does not constitute or form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful. In particular, no Shares have been, or will be, registered under the Securities Act, or under the securities laws of any state or other political subdivision of the United States or under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan. Accordingly, subject to certain exceptions, no Shares may directly or indirectly, be offered, sold, transferred, taken up or delivered, directly or indirectly, in the United States, Australia,

Canada, the Republic of South Africa or Japan or for the benefit of any US Person (as defined in Regulation S of the Securities Act) and this document will not be posted to any person in the United States, Australia, Canada, the Republic of South Africa or Japan. In addition, the Company has not been nor will be registered under the US Investment Company Act of 1940, as amended.

EXPECTED TIMETABLE

	2010
Calculation Date	10 September
Latest time and date for receipt of Placing commitments	5.00 p.m. on 13 September
Results of Placing announced	on or around 14 September
Dealings in Shares issued under the Placing expected to commence on the London Stock Exchange	20 September
CREST accounts expected to be credited with Shares issued under the Placing	20 September
Certificates (where applicable) for Shares issued under the Placing expected to be despatched week commencing	from 27 September

The Directors may, with prior approval of Cenkos Securities, alter such dates. In the event that the timetable is altered, the Company will notify investors of such change through the publication of a notice through a Regulatory Information Service.

PLACING STATISTICS

Unaudited Net Asset Value per Share as at close of business on 27 August 2010	181.01 pence
Maximum aggregate value of Placing Shares to be issued pursuant to the Placing	£50,000,000

DIRECTORS, MANAGER AND ADVISERS

Directors

John de Havilland (Chairman)
Wayne Bulpitt
Jan Etherden
Peter Luthy
Christopher Spencer
Ashe Windham
all non-executive and all of:

Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL
Telephone Number: 01481 745001

Manager

Ruffer LLP
80 Victoria Street
London SW1E 5JL
Telephone Number: 020 7963 8100

Registered Office, Secretary, Administrator and Registrar

Northern Trust International Fund
Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL
Telephone Number: 01481 745001

Sponsor and Broker

Cenkos Securities Plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS
Telephone Number: 020 7397 8900

Solicitors to the Company *as to UK law*

Lawrence Graham LLP
4 More London Riverside
London SE1 2AU

Advocates to the Company *as to Guernsey law*

Mourant Ozannes
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Solicitors to the Sponsor and Broker

Stephenson Harwood
One, St. Paul's Churchyard
London
EC4M 8SH

Auditors

Moore Stephens
Town Mills South
La Rue du Pré
St. Peter Port
Guernsey GY1 3HZ

Custodian	RBC Dexia Investor Services Trust Royal Trust Tower 12 Floor 77 King Street West PO Box 7500 Station A Toronto, Ontario M5W 1P9
CREST Agent	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road St Helier Jersey JE4 8PW
Receiving Agent and UK Paying Agent	Computershare Investor Services PLC PO Box 859 The Pavilions Bridgwater Road Bristol BS99 1XZ

PART 1

Information on the Company

Introduction

The Board announced on 13 July 2010 that it was considering a further issue of Shares. The purpose of this section is to set out the background to and reasons for the Placing.

The Company is a London listed authorised closed-ended investment company which was incorporated in Guernsey with limited liability on 1 June 2004 with the objective of achieving a positive total annual return, after all expenses, of at least twice the Bank of England base rate. The Company is domiciled in Guernsey. The Company operates under the Companies Law and orders made thereunder and, following the passing of a continuation resolution at the annual general meeting of the Company held on 8 November 2007, has an indefinite life. The Company is managed by Ruffer LLP, a limited liability partnership incorporated in England and Wales, which is authorised and regulated in the UK by the FSA. As at 27 August 2010, (being the latest practicable date prior to the publication of this document) the Company had unaudited net assets of £177.5 million and a market capitalisation of £189.7 million.

In the period from 28 August 2009 to 27 August 2010, the unaudited Net Asset Value per Share has increased from 163.85 pence to 181.01 pence, representing an increase of 10.5 per cent. as compared to the return objective of 1.0 per cent., being twice the time weighted Bank of England base rate over the period. Since launch on 8 July 2004, the unaudited Net Asset Value per Share has risen from 98 pence to 181.01 pence as at 27 August, representing an increase of 84.7 per cent. as compared to the return objective of 57.6 per cent. over such period. In the same period the total return of the Shares has increased by 101.2 per cent. The Company has paid semi annual dividends to Shareholders as detailed in the section headed "Dividend Policy" below.

The following table sets out the Company's unaudited total return performance against the FTSE All Share Index, the Bank of England base rate and the FTSE APCIMS Private Investor Index Series for each financial year from 30 June 2005 to 30 June 2010.

From 30 June To 30 June	2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010
Ruffer Investment Company Limited (%)	15.0*	7.3	-0.8	14.8	18.6	21.8
FTSE All-Share (%)	18.7	19.7	18.4	-13.0	-20.5	21.1
Bank Rate (%)	4.8	4.6	5.2	5.6	2.5	0.5
Twice Bank Rate (%)	9.9	9.5	10.6	11.6	5.1	1.0
APCIMS (%)	14.9	13.8	12.3	-7.4	-11.9	17.2

** From 8 July 2004 to 30 June 2005.*

Source: Company/Thomson Datastream/Manager.

During the period from 28 August 2009 to 27 August 2010 the discount/premium to the unaudited Net Asset Value at which the Shares have traded has ranged between a discount of 0.6 per cent. and a premium of 9.4 per cent. with the average premium for the period being 4.1 per cent.

As at close of business on 27 August 2010 the Shares traded at a 6.9 per cent. premium to the unaudited Net Asset Value.

In light of this performance the Directors have decided to increase the size of the Company through the Placing to raise up to £50 million to invest in accordance with the Company's investment policy.

It is expected that the Placing will broaden the Company's investor base and improve market liquidity for existing Shareholders. In addition, the increased size of the Company should mean that the fixed costs of operating the Company will be spread across a larger asset base than at present, which will benefit all Shareholders.

Investment Policy

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 base rate.

The Company invests in internationally listed or quoted equities or equity related securities (including convertibles) and/or bonds which are issued by corporate issuers, supra-nationals or government organisations.

Asset allocation and risk diversification

In selecting investments the Company adopts a stock picking approach and does not adopt any investment weightings by reference to any benchmark. Both the Board and the Manager believe that the adoption of any index related investment style would inhibit the ability of the Company to deliver its objectives.

The Company invests across a broad range of assets, geographies and sectors in order to achieve its objective. This allocation will change over time to reflect the risks and opportunities identified by the Manager across global financial markets, with an underlying focus on capital preservation. The allocation of the portfolio between equities and bonds will vary from time to time so as to enable the Company to achieve its objective. There are no restrictions on the geographical or sectoral exposure of the portfolio (except those restrictions noted below).

The universe of equity, equity related securities or bonds in which the Company has been and will continue to invest is wide and may include companies domiciled in, and bonds issued by entities based in, non-European countries, including countries that are classed as emerging or developing. This may result in a significant exposure to currencies other than sterling.

The Company may use derivatives, including (but not limited to) futures, options, swap agreements, structured products, warrants and forward currency contracts, for efficient portfolio management purposes only.

Gearing

It is not intended for the Company to have any structural gearing. The Company has the ability to borrow up to 30 per cent. of the Net Asset Value at any time for short term or temporary purposes, as may be necessary for settlement of transactions, to facilitate share redemption or to meet ongoing expenses. The Company is not geared at the present time.

Investment guidelines

The Company will not invest in the securities of any company that is not quoted or does not have a listing on a Relevant Market.

The proportion of the portfolio invested into companies based in emerging or developing countries will be limited, at the time of any investment, to below 15 per cent. of the Company's gross assets.

The Directors have determined that the Company will not engage in currency hedging except where the Manager considers such hedging to be in the interests of efficient portfolio management.

The Directors have determined that not more than 10 per cent., in aggregate, of the value of the gross assets of the Company at the time of the acquisition may be invested in other listed investment companies (including listed investment trusts) except that this restriction does not apply to investments in such entities which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies (including listed investment trusts). Regardless of the above restriction, the Directors have further determined that no more than 15 per cent. in aggregate of the Company's gross assets will be invested in other listed investment companies (including listed investment trusts).

In the event of a breach of the investment guidelines set out above or investment restrictions set out below, the Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

Investment Restrictions

As a listed investment company, the Company is subject to Chapter 15 of the Listing Rules applicable to closed ended investment companies.

In accordance with Chapter 15 of the Listing Rules the Company will manage its assets in accordance with its published investment policy as set out above and will, at all times, invest and manage its assets in a way which is consistent with the object of spreading investment risk and in accordance with its published investment policy.

The Company will continue to observe the following investment restrictions, which are based upon the restrictions applicable to investment companies with securities listed on the Official List under Chapter 15 of the Listing Rules which were in force until 28 September 2007:

- it will not conduct a trading activity;
- a maximum of 20 per cent. of the gross assets of the Company (at the time the investment is made) may be lent to or invested in the securities of any one company or group at the time the investment or loan is made;
- the Company will not take legal or management control of the issuers of the underlying investments in its portfolio;
- dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company; and
- the distribution as dividends of surpluses arising from the realisation of investments will be prohibited.

Investment Portfolio

Details of the Company's investments and the types of investee company, which represent a comprehensive and meaningful analysis of the Company's investment portfolio are set out below:

As at 27 August 2010 (being the latest practicable date prior to the publication of this document), the Company's portfolio comprised 53 equity investments, 7 bond investments and 4 forward foreign exchange contracts with an aggregate value of £177.5 million.

There has been no material change in the Company's investments since the close of business on 27 August 2010 and the date of this document.

As at the close of business on 27 August 2010 (being the latest practicable date prior to the publication of this document), the Company's top 13 investments, representing 51.7 per cent. of the value of the total portfolio were as follows:

Investment	Currency Units	Market Value (£)	% of Portfolio
1.25% Treasury index-linked 2017	GBP	14,444,816.50	8.1
US Treasury 2.375% TIPS 2025	USD	10,386,929.57	5.9
1.25% Treasury index-linked 2055	GBP	8,690,219.59	4.9
US Treasury 1.625% TIPS 2015	USD	8,579,699.86	4.8
US Treasury 1.625% TIPS 2018	USD	7,162,629.80	4.0
Ruffer Illiquid Strategies Fund 2009 Limited	GBP	7,071,505.63	4.0
Vodafone Group plc	GBP	6,452,250.00	3.6
CF Ruffer Baker Steel Gold Fund	GBP	6,179,790.44	3.5
1.875% Treasury index-linked 2022	GBP	4,975,504.00	2.8
Japan 1.2% Index-Linked 10/03/17	JPY	4,663,444.60	2.6
Kroger Co Com	USD	4,612,779.94	2.6
CF Ruffer Japanese Fund	GBP	4,595,759.47	2.6
Tesco Plc	GBP	4,066,250.00	2.3
Total		91,881,579.40	51.7

Source: unaudited management accounts.

As at the close of business on 27 August 2010 (being the latest practicable date prior to the publication of this document), the geographic breakdown of the Company's portfolio was as follows:

Continent	Market Value (£)	% of Portfolio
Europe	97,927,572	55
North America	43,297,347	24
Africa	34,124,416	19
Asia	1,101,539	1
Australia	1,017,657	1
		<hr/> 100 <hr/>

Source: unaudited management accounts.

As at the close of business on 27 August 2010 (being the latest practicable date prior to the publication of this document), the Company's investments by asset type were as follows:

Investment type	% of Portfolio
Japan equities	21
UK equities	18
Overseas index linked	17
Index-linked gilts	11
North America equities	8
Gold	6
Credit	5
Ultra-long dated index-linked	5
Cash	4
Europe equities	4
Currency forwards gain/loss	1
Total	<hr/> 100 <hr/>

Source: unaudited management accounts.

Investment Outlook

The outlook for international markets remains uncertain. The Directors, as advised by the Manager, believe that the fundamental background environment going forward will be that of an inflationary outcome to the global financial crisis, with negative real interest rates accompanied by lower future real rates of growth.

The last two years have witnessed the transformation of the global economy from financial crisis, to sharp economic deceleration, followed by a rapid rebound in both economic activity and asset values. Central bank authorities globally have focused on shoring up the banking system and pumping liquidity into financial markets to reduce systemic risk and maintain liquidity and the confidence of bank depositors.

The Directors, as advised by the Manager, believe these actions were necessary to mitigate the risk of a deflationary slump, though more action may be required and that the economic pressures arising from the threat of deflation may encourage central bank authorities to take actions that allow inflation and negative real interest rates to dissipate the global debt burden.

Under such circumstances, the Directors, as advised by the Manager, believe that interest rates in the US and Europe will remain unmoved in the short to medium term and that a period of negative real rates will be ushered in. For this reason the portfolio is positioned with a significant weighting in index-linked bonds, which is intended to protect the value of the portfolio in this environment.

The bail-outs by central banks in the developed economies of the financial services and private sector in the last two years has resulted in a transfer of risk from the private to the public sectors. With risk being socialised and a negligible cost of money, the measures that the private sector has taken in terms of inventory liquidation, labour shedding and capital spending cuts mean that its present financial health stands in contrast to the public sector deficits on view across the globe. To this end the equity holdings in the portfolio, outside of Japan, are currently focused on two themes: a recovery in corporate spending and large global companies with strong balance sheets and cash flows and often attractive dividend yields.

Liquidity pumped into global financial markets in recent years resulted in a rally across many previously uncorrelated asset classes in 2009. An exception to this was Japanese equities which, consequently, offer an interesting value proposition and to which the Company has a significant exposure. Further, with deflationary risks and the yen at levels where many exporters are under pressure, intervention in some shape by the Bank of Japan may not be far away. The Directors, as advised by the Manager, believe that this interventionist possibility, allied with compelling equity valuations, means that a catch-up in Japanese equities could be quite close, hence the continued significant exposure to Japan within the Company's investment portfolio.

In the short term the strong rise in global equity markets in 2009 leaves the markets vulnerable to a number of concerns, most of which are generic rather than specific market risks, and therefore more difficult to protect against. These include funding crises in countries such as Greece and the related, growing issues of sovereign risk, a rise in US bond yields, a possible surge in US home foreclosures and a bumpy end to the Chinese stimulus package. The Company has therefore limited current exposure to equities to less than half of the portfolio with most of the balance in index-linked bonds and gold.

Dividend Policy

It is the intention of the Directors to continue to pay dividends on the Shares in respect of each financial year. Any dividends will be declared semi-annually in September and March each year.

For the financial years ended 30 June 2007, 30 June 2008 and 30 June 2009 the Company paid total dividends of 2.5 pence per Share, 2.5 pence per Share and 3 pence per Share, respectively. An interim dividend of 1.5 pence per Share in respect of the six month period ended 31 December 2009 was declared on 25 February 2010 and paid on 26 March 2010 and an interim dividend of 1.5 pence per Share was declared on 25 August 2010 in respect of the six month period ended 30 June 2010 and will be paid to Shareholders on the register as at 3 September 2010 on or around 24 September 2010. For the avoidance of doubt holders of the Placing Shares will not be entitled to this dividend but will be entitled to any dividends declared in respect of Shares in the future.

Dividend payments by the Company will depend on the income stream generated by the underlying investments in the Company's investment portfolio and no assurance can be given that dividends will continue to be paid.

The Company's investment restrictions currently provide that dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company.

Life of the Company

Following the passing of a continuation vote by Shareholders at the annual general meeting of the Company held on 8 November 2007, the Company has an indefinite life.

Further issues of Shares

The Directors are currently empowered until the 2013 annual general meeting of the Company to issue further shares on a non pre-emptive basis under the authority of a special resolution passed at an extraordinary general meeting of the Company held on 6 August 2010. The Directors will consider issuing further Shares at not less than the prevailing Net Asset Value per Share where there is significant demand for further Shares and as part of the process of managing any premium which may arise in the market price of the Shares as compared to the prevailing Net Asset Value per Share.

Redemption Facility

The Company has a Redemption Facility. The Directors have adopted a policy that this will take the form of a tender offer to all Shareholders which may be utilised on an annual basis. Subject to certain limitations, and in particular the Directors exercising their discretion to operate the facility on any relevant occasion Shareholders may request, under the Redemption Facility, to tender all or part of their holdings of Shares for cash. Redemption will be effected at the prevailing Net Asset Value per Share at the Valuation Point on the Business Day immediately preceding the Redemption Date (less such discount, if any, as may be determined by the Board) in a tax efficient manner, where possible. Subject to the above limitations and the Directors' discretion being exercised on any relevant occasion, this facility may be operated annually in November of each year. Redemptions on any Redemption Date will be restricted to such proportion of the Shares as the Directors may decide, not exceeding 25 per cent. in aggregate of the Shares then in issue, with any tender requests in excess of this being scaled back pro rata.

Any tender offers will be conducted in accordance with the Listing Rules and the rules of the London Stock Exchange.

The mechanics of the Redemption Facility will be as follows:

- not less than thirty clear days before each Redemption Date, if the Company intends to redeem any Shares on that date, it will send a short, written circular to Shareholders announcing its intention to operate a tender offer and the extent thereof, together with a tender form;
- Shareholders may then tender some or all of their Shares by returning the tender form to the Registrar not less than 10 clear days prior to the relevant Redemption Date;
- the redemption price will be calculated by reference to the Net Asset Value per Share as at the Valuation Point on the Business Day immediately preceding the relevant Redemption Date (less such discount, if any, as may be determined by the Board) and Shares will be redeemed at that price on that date;
- if the number of Shares tendered for redemption exceeds the number of Shares which the Company wishes to redeem, tenders will be scaled back pro rata in proportion to the excess amount tendered; and
- cheques are expected to be despatched (at the recipient's risk) within 10 Business Days of the relevant Redemption Date.

Further details of the Redemption Facility are set out in paragraph 6 of Part 6 of this document.

Prospective Shareholders should note that the operation of this Redemption Facility is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions or on the proportion of Shares which may be redeemed.

Purchases of own Shares by the Company

In addition to having the Redemption Facility available, the Company may purchase Shares in the market with a view to addressing any imbalance between the supply of and demand for Shares, to increase the Net Asset Value per Share and to assist in minimising any discount to Net Asset Value at which Shares may be trading.

A resolution was passed granting the Company authority to make market purchases of up to 14.99 per cent. of its own issued Shares at the annual general meeting of the Company held on 26 November 2009. Such authority will expire at the conclusion of the next annual general meeting of the Company which is expected to be held in November 2010. A renewal of the authority to make purchases of Shares will be sought from Shareholders at each annual general meeting of the Company or, more frequently, at an extraordinary general meeting of Shareholders, if required. Purchases of Shares will be made within guidelines established from time to time by the Board. The timing of any such purchases will be decided by the Board.

Purchases will only be made through the market for cash at prices below the prevailing Net Asset Value per Share where the Directors believe such purchases will result in an increase in the Net Asset Value per Share of the remaining Shares and as a means of addressing any imbalance between the supply of and demand for the Shares. Such purchases will only be made in accordance with the Companies Law, the rules of the London Stock Exchange and the Listing Rules which currently provide that the maximum price to be paid per Share must not be more than the higher of five per cent. above the average of the mid-market values of the Shares for the five business days before the purchase is made and that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC No 2273/2003).

Corporate Governance

As an authorised closed-ended investment company registered in Guernsey, the Company was not obliged to comply with the Combined Code by the UK Listing Authority in respect of accounting periods prior to the current accounting period of the Company which commenced on 1 July 2010.

In respect of the current and future accounting periods and further to a recent review by the FSA of the Listing Rules of the UK Listing Authority pursuant to which the Company's Shares were designated a 'premium' listing categorization, the Company is obliged to comply with the UK Corporate Governance Code (which has replaced the Combined Code) or explain any non compliance.

Additionally, the Company has carefully considered the principles and recommendations of the AIC Code and follows the AIC Corporate Governance Guide for Investment Companies (the “AIC Guide”) which complemented the Combined Code and continues to complement the UK Corporate Governance Code, and provides a framework of best practice for investment companies. During February 2009, the Financial Reporting Council confirmed that by following the AIC Guide investment company boards should fully meet their obligations in relation to the Combined Code.

The Board has put in place a framework for corporate governance which, save as explained below, enabled the Company to comply voluntarily with the main principles of the Combined Code and the AIC Guide in respect of previous accounting periods and as at the date of this document enables the Company to comply with the UK Corporate Governance Code and the AIC Guide.

The Board considers the majority of the Directors including Ashe Windham, who has in the last three years been a minority shareholder in Ruffer Investment Management Limited, the managing member of the Manager, are independent in character and that there are no relationships or circumstances which are likely to affect their judgement. Wayne Bulpitt and Peter Luthy should not be considered as independent by reason of being directors of Ruffer Illiquid Strategies Fund of Funds 2009 Limited, a Guernsey registered investment company managed by the Manager.

The Board meets on at least four occasions each year, at which time the Directors review the management of the Company’s assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company’s affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company.

The Company’s Audit Committee comprises all of the Directors. The Audit Committee has the following remit: to meet bi-annually and to consider, inter-alia: (a) annual and interim financial statements; (b) auditor reports; and (c) terms of appointment and remuneration for the auditors (including overseeing the independence of the auditors particularly as it relates to the provision of non-audit services). The Board is satisfied that the Audit Committee contains members with sufficient recent and relevant financial experience.

The Chairman of the Board is John de Havilland. A biography for Mr de Havilland and all other Directors appears on page 25 of this document. In considering the independence of the Chairman, the Board has taken note of the provisions of the Combined Code and UK Corporate Governance Code relating to independence, and has determined that Mr de Havilland is an independent Director.

As the Chairman is an independent Director, no appointment of a senior independent director has been made. The Company has no employees and therefore there is no requirement for a chief executive. The level of Directors’ fees is determined by the whole Board on an annual basis and therefore a separate remuneration committee has not been appointed. Since all the Directors are non-executive, the Company is not required to comply with the principles of the UK Corporate Governance Code in respect of executive directors’ remuneration. None of the Directors has a service contract with the Company and accordingly the Directors are not entitled to any minimum period of notice or to compensation in the event of their removal as a Director. The Board as a whole fulfils the function of a Nomination Committee. The Board will determine whether in future an external search consultancy or open advertising is used in the appointment of non-executive directors. The Audit Committee has considered the requirement for an annual internal audit of the Company. On the basis that the Company is an investment company with no employees, and, due to the Company’s service providers all being regulated entities who themselves are subject to internal audits, the Audit Committee is of the opinion that an internal audit is not necessary for the Company. Except as set out in this paragraph, the Company currently complies with the UK Corporate Governance Code and the AIC Code of Corporate Governance.

In accordance with the Listing Rules the Company includes in each annual report a statement as to whether in the opinion of the Directors, the continuing appointment of the Manager on the terms agreed continues to be in the interests of the Shareholders together with a statement of the reasons of this view.

Report and Accounts

The audited financial statements of the Company are prepared in accordance with the Companies Law and International Financial Reporting Standards (“IFRS”). Financial statements prepared by the Company in accordance with IFRS include an income statement (included in the statement of operations), which is not required to differentiate between revenue and capital items and which includes, realised and unrealised investment gains/losses. In order to reflect the activities of the Company and in

accordance with guidance issued by the AIC, however, the Company also shows a revenue and capital column in its income statement (included in the statement of operations).

The annual accounts of the Company are made up to 30 June in each year with copies of the annual report and accounts expected to be sent to Shareholders the following September. Shareholders also receive an unaudited interim report covering the first six months of each financial year which is expected to be sent to Shareholders in March of the following year. The annual general meeting of the Company is held in November each year.

The Company's annual report and accounts and unaudited interim reports are available for inspection at the Company's registered office and on the Manager's website, www.ruffer.co.uk.

The Company's auditors are Moore Stephens of PO Box 146, Town Mills South, La Rue due Pré, St. Peter Port, Guernsey, GY1 3HZ, who are members of the Institute of Chartered Accountants in England and Wales.

PART 2

Directors, Management and Administration

Directors

The Company has six non-executive directors, all of whom except Wayne Bulpitt and Peter Luthy are independent of the Manager and details of whom are set out below.

John Anthony de Havilland, aged 72 and a resident of South Africa. He joined J Henry Schroder Wagg and Co Limited in 1959 as a fund manager and he became director of Schroder Wagg in 1972. He ran Schroder investment division's own account trading book for 20 years and also managed funds for Schroder clients including overseas government agencies. He retired from Schrodgers in 1990 since when he has continued with longstanding advisory and/or trustee roles for certain major family groups.

Wayne Bulpitt, aged 48 and a resident of Guernsey. He is managing director and principal of Active Group Limited. He was formerly Head of Offshore Investment Services for Canadian Imperial Bank of Commerce, Global Private Banking & Trust division (1998-2001) and Managing Director of CIBC Fund Managers (Guernsey) Limited (1992-1998). He is also a director of Ruffer Illiquid Strategies Fund of Funds 2009 Limited, a Guernsey registered investment company managed by the Manager.

Jeannette Elaine Etherden, aged 50 and a resident of the United Kingdom. She started in 1983 as a research analyst at Confederation Life (acquired by Sun Life of Canada in 1994) and was Head of UK Equities from 1991. In 1996 she moved to Newton Investment Management as a multi-asset fund manager. She was appointed a Director for Newton in 1997 and additionally was Chief Operating Officer, Investments from 1999 until her resignation in 2001. From January 2004 to January 2006 she was Business Development Manager for the Candela Fund at Olympus Capital Management.

Peter William Luthy, aged 59 and a resident of the United Kingdom. He has worked in the fixed income market for 25 years. In 1990, he co-founded a credit focussed bond broker, Luthy Baillie Dowsett Pethick and Co. Limited ("LBDP") whose shareholders included Deutsche Bank AG, Robert Fleming Limited and Swiss Bank Corporation. Dresdner Kleinwort Benson acquired LBDP in 1996 where he was global head of credit products. In 1998 he became global head of investment banking at Barclays Capital and, since 2001, has acted as a consultant on bank credit portfolios. Currently, he is a Managing Partner of Banquo Credit Management LLP. He is also a director of Ruffer Illiquid Strategies Fund of Funds 2009 Limited, a Guernsey registered investment company managed by the Manager.

Christopher Paul Spencer, aged 60 and a resident of Guernsey. He qualified as a chartered accountant in London in 1975. Following two years in Bermuda he moved to Guernsey. Mr. Spencer, who specialized in audit and fiduciary work, was Managing Partner/Director of Pannell Kerr Forster (Guernsey) Limited from 1990 until his retirement in May 2000. Mr. Spencer is a member of the AIC Offshore Committee, a past President of the Guernsey Society of Chartered and Certified Accountants, and a past Chairman of the Guernsey Branch of the Institute of Directors. Mr. Spencer sits on the board of directors of Queen's Walk Investments Limited, ISIS Property Trust 2 Limited, Kenmore European Industrial Fund Limited, Dexion Trading Limited, Henderson Far East Income Limited and Ruffer Investment Company Limited, each of which is listed on the London Stock Exchange and Low Carbon Accelerator Limited which is listed on the London AIM market. Mr. Spencer also sits on the board of directors of Thames River Kingsway Fund Limited, Thames River Hillside Apex Fund SPC, Thames River Longstone Limited and Nevsky Fund Limited, each of which is listed on the Irish Stock Exchange and Thames River Property and Growth Fund Limited which is listed on the Channel Island Stock Exchange.

Ashe George Russell Windham, CVO, aged 53 and a resident of the United Kingdom. He joined Barclays de Zoete Wedd ("BZW") in 1987 as an institutional equities salesman and was appointed a Director of BZW's Equities Division in 1991. He joined Credit Suisse First Boston in 1997 when they acquired BZW's equities business. In 2004 he joined Man Investments as Head of Internal Communications and in 2007 became Man Group's Global Head of Internal Communications. In June 2009 he resigned from Man Group plc to set up a private family office.

Manager

The Company and the Manager have entered into a Management Agreement under which the Manager has been given responsibility for the day-to-day discretionary management of the Company's assets

(including uninvested cash) in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors and in accordance with the investment restrictions in the Management Agreement and the Articles.

Ruffer is an independent and privately owned investment management firm which was founded in 1994 by Jonathan Ruffer, Viscount Tamworth and Jane Tufnell. Ruffer LLP was incorporated on 13 August 2003 in the United Kingdom as a limited liability partnership with registered number OC305288. It is owned by members of the partnership and former employees and is authorised and regulated by the Financial Services Authority. Ruffer employs around 113 people, with offices in London, Edinburgh and Hong Kong. Each of Ruffer's investment team have, on average, over 16 years of experience.

As at 31 July 2010 Ruffer managed £8.1 billion of assets for a broad range of clients. The Manager's registered office is at 80 Victoria Street, London SW1E 5JL.

The following members of the Manager are principally responsible for the management of the portfolio:

Jonathan Ruffer	Trained as a stockbroker and barrister before moving into private client investment management in 1980 with Dunbar Group Limited. Formerly first Chief Investment Officer of Rathbone Bros PLC. In 2001 he became an independent non-executive director of Electric and General Investment Trust PLC. He established Ruffer Investment Management Limited in 1994 which transferred its investment business to Ruffer LLP in 2004. Since April 2004 he has been chief executive of Ruffer LLP.
Steve Russell	Started as a research analyst at SLC Asset Management in 1987, where he became Head of UK Equities in charge of £5 billion of equity funds. In 1999 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer Investment Management Limited in September 2003. He became a non-executive director of JP Morgan Fleming Continental Investment Trust in 2005.

Management Agreement

The Manager is entitled to a management fee payable monthly in arrears at a rate equivalent to 1 per cent. per annum of the Net Asset Value of the Company. The Manager is also entitled to reimbursement of certain out-of-pocket expenses incurred by it in connection with its duties.

The Management Agreement may be terminated by either the Company or the Manager on not less than twelve months' notice in writing. The Manager may, with the consent of the Directors, delegate the provision of investment management and other services to a third party but will remain liable for the acts of any such third party and will be responsible for such third party's remuneration.

Further details of the Management Agreement are set out in paragraph 8 of Part 6 of this document.

Conflict of Interest

None of the Directors has any conflict of interest between any duties to the Company and his private interests or any other duties.

The Manager and its affiliates serve as the Manager to other clients. As a result, the Manager and its affiliates may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients, including ones in which the Manager and its affiliates may have a greater financial interest. Where appropriate, the Manager and its affiliates may give advice or take action with respect to such other clients that differs from the advice given to, or action taken in relation to, the Company.

The Manager and its affiliates may be involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Manager may provide investment management, investment advice or other services in relation to other funds which may have similar investment policies to that of the Company or funds in which the Company invests.

The Manager will have regard to its obligations under the Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. The provision of service by the Manager is governed by the Conduct of Business Sourcebook Rules (the "COBS Rules") and in the event of a conflict of interest arising, the Manager will ensure that it is resolved fairly and in accordance with the COBS Rules. The COBS Rules require the Manager to ensure fair treatment of all its clients. The COBS Rules also require

that when an investment is made it shall be allocated fairly amongst all of its clients for whom the investment is appropriate. In particular, the Manager will use its reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Manager which fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained in accordance with the COBS Rules.

Administrator, Secretary and Registrar

Northern Trust International Fund Administration Services (Guernsey) Limited, has been appointed as Administrator, Secretary and Registrar pursuant to the Administration Agreement, a summary of which is set out in paragraph 8 of Part 6 of this document. In such capacity, the Administrator is responsible for the general secretarial functions required by the Companies Law and for assisting the Company to comply with its continuing obligations as a company listed on the Official List. The Administrator is responsible for the Company's general administrative functions such as the calculation of the Net Asset Value and the maintenance of accounting records as well as acting as registrar and transfer agent to the Company.

The Administrator utilises the services of Computershare Investor Services (Channel Islands) Limited, as CREST agent and Computershare Investor Services PLC as UK transfer agent regarding the transfer and settlement of Shares held in uncertificated form.

The principal business of the Administrator is the provision of administrative services, including the provision of company secretarial and accounting services and associated services. The Administrator is registered in Guernsey and licensed under the POI Law and The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law 2000 for the conduct of fund services business.

The Administrator is a private company incorporated in Guernsey on 29 May 1986 with registered number 15532. The registered office of the Administrator is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL.

Custodian

RBC Dexia Investor Services Trust Limited has been appointed as the principal custodian of the assets of the Company pursuant to the Custodian Agreement and, in that capacity, is responsible for the safe custody and dealing with settlement arrangements in respect of the Company's investments. Further details of the Custodian Agreement are set out in paragraph 8 of Part 6 of this document.

RBC Dexia Investor Services Trust Limited is a branch of a Canadian trust company incorporated under the laws of Canada and registered in the United Kingdom as an overseas company (Company No. FC026342), having its head office address at 77 King Street West, 35th Floor, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario, M5W 1P9, Canada and its registered UK branch office address at 71 Queen Victoria Street, London EC4V 4DE.

RBC Dexia is authorised and regulated in the United Kingdom by the Financial Services Authority (FSA Registration No. 435052).

Fees and expenses

Ongoing Expenses

The Company has and will continue to incur ongoing and annual expenses. These expenses include the following:

(i) Manager

The Manager is entitled to a management fee, payable monthly in arrears, equivalent to 1 per cent. per annum (plus VAT where applicable) calculated on the Net Asset Value of the Company. The Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. Under current UK law, no VAT is payable as the supply of these services to a Guernsey customer is outside the scope of VAT.

(ii) *Administrator*

The Administrator is entitled to a fee calculated on the Net Asset Value of the Company of 0.15 per cent. per annum on the first £100 million of Net Asset Value and 0.10 per cent. per annum on any Net Asset Value in excess of £100 million payable monthly in arrears (subject to a minimum monthly fee of £5,000) and from which it may, at its discretion, pay fees to any affiliate of the Administrator to which it may have delegated any of its functions. The Administrator and any of its delegates will also be entitled to reimbursement of certain expenses incurred by it in connection with their duties.

(iii) *Custodian*

The Custodian is entitled to receive agreed safekeeping fees charged at basis points rates on the value of each holding of securities which vary dependent on the location of the market on which those securities are traded (a range of 1.0 basis point to 6.0 basis points with exception of Malaysia (7.5 basis points), Greece (15 basis points), Argentina (15.0 basis points) and Croatia (60 basis points)) together with fixed transaction fees which similarly vary on a market by market basis (ranging from £9 to £86).

(iv) *Directors*

Each Director is paid a fee of £20,000 per annum (£28,500 for the Chairman). In addition, subject to shareholders approving an amendment to the Articles increasing the maximum aggregate amount of fees payable to the Directors per annum from £150,000 to £170,000 to be proposed at the annual general meeting of the Company which is expected to be held in November 2010, each Director will receive £5,000 in connection with the extra services they have performed in connection with the Placing.

(v) *Other Operational Expenses*

Other ongoing operational expenses of the Company are borne by the Company including printing, audit and legal fees. All out of pocket expenses of the Manager, the Sponsor, the Administrator and Secretary, the Custodian, the Registrar, the CREST Agent and the Directors relating to the Company are borne by the Company.

(vi) *Redemption Expenses*

Expenses associated with the redemption of Shares will be deducted from the proceeds payable to those Shareholders who elect to redeem their Shares.

The Company's management fees and costs of borrowing, if any, are allocated between the capital and revenue accounts of the Company in the ratio of 75 per cent. to 25 per cent. respectively. All other administrative expenses of the Company are and shall continue to be charged wholly to the revenue account. The Board may, at its sole discretion, change the basis of the allocation of the Company's expenses.

PART 3

Financial and Other Information

1. Statutory accounts

Statutory accounts of the Company for the three financial years ended 30 June 2009, in respect of which the Company's auditors, Moore Stephens, gave an unqualified opinion that the accounts gave a true and fair view of the state of affairs of the Company and have been properly prepared in accordance with the Companies Law have been delivered to the Guernsey Financial Services Commission. The Company's auditors, Moore Stephens, are a member of the Institute of Chartered Accountants in England and Wales.

2. Interim report and unaudited financial statements

The Company has also published a half-yearly unaudited financial report in respect of the period 1 July 2009 to 31 December 2009.

3. Published annual reports and financial statements for the three financial periods ended 30 June 2009

3.1 Historical financial information

The published annual reports and audited accounts for the Company for the three financial periods ended 30 June 2009 are incorporated into this document by reference, including the information specified in the tables below. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document.

Report and financial statements for the financial periods ended 30 June

<i>Nature of information</i>	<i>2007 Page No(s)</i>	<i>2008 Page No(s)</i>	<i>2009 Page No(s)</i>
Balance sheet	13	14	14
Income statement (contained in the Statement of Operations)	14	15	15
Statement of changes in equity	15	16	16
Cash flow statement	16	17	17
Notes to the financial statements	17-29	18-32	18-33
Independent auditors' report	30-31	33-34	34
Chairman's review	2	2	2
Manager's report	9-10	8-9	8-9
Report of the Directors	4-8	4-7	4-7

3.2 Selected financial information

The key audited figures that summarise the Company's financial condition in respect of the three financial periods ended 30 June 2009 which have been extracted directly on a straightforward basis without material adjustment from the historical financial information referred to in paragraph 3.1 of this Part 3, are set out in the following table:

As at or for the period ended 30 June

	<i>2007</i>	<i>2008</i>	<i>2009</i>
Net Asset Value (£'000)	123,691	116,617	135,603
Net Asset Value per Share (p)	1.166	1.308	1.521
Earnings per Share (p)	-0.78	16.72	24.05
Income (£'000)	1,233	18,071	23,858
Dividend per Share (p)	2.5	2.5	3.0

3.3 Operating and financial review

The published annual reports and audited financial statements for the Company for the three financial periods ended 30 June 2009, which have been incorporated by reference into this

document, include, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure, and changes in its financial condition for each of those periods:

<i>Report and financial statements for the financial periods ended 30 June</i>			
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>Page No(s)</i>	<i>Page No(s)</i>	<i>Page No(s)</i>
Chairman's review	2	2	2
Manager's report	9-10	8-9	8-9
Company performance	11	10	10
Financial highlights	1	1	1
Top-ten holdings	12	12	12

4. Published interim report and unaudited financial statements for the financial period ended 31 December 2009

4.1 Historical financial information

The published interim report and unaudited financial statements for the six month financial period ended 31 December 2009 are incorporated into this document by reference, including the information specified in the tables below. Where this document makes reference to other documents, such other others are not incorporated into and do not form part of this document.

Interim report and unaudited financial statements for the financial period from 1 July 2009 to 31 December 2009

<i>Nature of information</i>	<i>Page No(s)</i>
Statement of financial position	9
Unaudited statement of comprehensive income	10
Unaudited statement of changes in equity	11
Unaudited statement of cash flow	12
Notes to the unaudited condensed financial statements	13-18
Independent review report	7
Manager's report	2-3

4.2 Selected financial information

The key unaudited figures that summarise the Company's financial condition in respect of the financial period from 1 July 2009 to 31 December 2009, which have been extracted directly on a straightforward basis without material adjustment from the historical financial information referred to in paragraph 4.1 of this Part 3, are set out in the following table:

	<i>As at or for the period ended 31 December 2009</i>
Net Asset Value (£'000)	155,503
Net Asset Value per Share (p)	1.697
Earnings per Share (p)	18.89
Income (£'000)	18,116
Dividend per Share (p)	1.5

4.3 Operating and financial review

The published interim report and unaudited financial statements for the financial period from 1 July 2009 to 31 December 2009 which have been incorporated into this document, include, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure, and changes in its financial condition for this period.

Manager's report	2-3
Company performance	4
Financial highlights	1
Top-ten holdings	5

5. Availability of reports and financial statements for inspection

Copies of the Company's annual reports and financial statements and interim report and unaudited financial statements referred to in paragraphs 3.1 and 4.1 respectively of this Part 3 are available for inspection at the address set out in paragraph 11 of Part 6 of this document.

6. No significant change

There has been no significant change in the trading or financial position of the Company since 31 December 2009, being the end of the last financial period of the Company for which interim financial information has been published.

7. Working capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

8. Capitalisation and indebtedness

- 8.1 The following table, sourced from the Company's interim report and unaudited financial statements for the six month financial period ended 31 December 2009, shows the Company's unaudited capitalisation as at 31 December 2009 (being the last date in respect of which the Company has published financial information):

<i>Unaudited capitalisation as at 31 December 2009</i>	<i>£000</i>
Share capital	4,334
Capital reserve (excluding revenue reserve)	47,377
Other reserves (excluding revenue reserve)	92,616
Revenue reserve	11,176
Total	155,503

- 8.2 The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 June 2010 and the Company's unaudited capitalisation as at 30 June 2010:

<i>Unaudited indebtedness as at 30 June 2010</i>	<i>£000</i>
<i>Total current debt</i>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<i>Total non-current debt</i>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<i>Unaudited capitalisation as at 30 June 2010</i>	<i>£000</i>
Share capital	15,897
Capital reserve (excluding revenue reserve)	61,323
Other reserves (excluding revenue reserve)	89,170
Revenue reserve	12,305
Total	178,695

8.3 The following table shows the Company's unaudited net indebtedness as at 30 June 2010.

	30 June 2010 £000
A. Cash	9,405
B. Cash equivalent	–
C. Trading securities	168,017
D. <i>Liquidity</i> (A + B + C)	177,422
E. Current financial receivables	2,778
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Other current financial debt	–
I. <i>Current financial debt</i> (F + G + H)	–
J. <i>Net current financial debt</i> (I – E – D)	(180,200)
K. Non-current bank loans	–
L. Bonds issued	–
M. Other non-current loans	–
N. <i>Non-current financial indebtedness</i> (K + L + M)	–
O. <i>Net financial indebtedness</i> (J + N)	(180,200)

9. Valuation policy

9.1 The Articles provide that the Net Asset Value of the Company shall be equal to the value as at the relevant Valuation Point of all the assets, less all the liabilities of the Company, calculated on the basis set out below. The assets of the Company shall be deemed to include the following:

9.1.1 all cash on hand, on loan or on deposit, or on call including any interest accrued thereon;

9.1.2 all treasury bills, demand notes, promissory notes and accounts receivable;

9.1.3 all shares, stocks, units, participations, warrants, bonds, time notes, debenture stock, subscription rights, options, futures contracts and other investments and securities owned or contracted for by the Company, other than rights and securities issued by it;

9.1.4 all stock and cash dividends and cash distributions to be received by the Company and not yet received by it but declared payable to stockholders of record on a date before the day as of which the assets are being valued;

9.1.5 all interest accrued on any interest-bearing securities owned by the Company;

9.1.6 unrealised profits on open contracts; and

9.1.7 all other assets of the Company of every kind and nature including any claims for repayment of any taxation levied on capital (including capital gains) or on income accrued before the Valuation Point and prepaid expenses as valued and defined from time to time by the Directors.

9.2 Any expense or liability of the Company may be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of the Company.

9.3 The investments of the Company shall be valued as follows:

9.3.1 subject to sub-paragraph 9.5, assets listed, quoted or dealt in on a recognised securities exchange (including financial futures, warrants and rights expressed by reference to stock indices) are to be valued at the market dealing price, at the last close of business before the Valuation Point on the recognised securities exchange which, in the opinion of the Directors, is the principal recognised securities exchange on which the asset in question is listed, quoted or dealt in. If separate bid and offer prices are quoted, the price to be adopted for calculating the Net Asset Value shall be the mean average of the two prices;

9.3.2 deposits shall be valued at their principal amount plus accrued interest from the date of acquisition;

9.3.3 certificates of deposit acquired at their nominal value shall be valued at cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate;

- 9.3.4 certificates of deposit acquired at a discount or premium on the sum of the nominal value and accrued interest at the date of acquisition shall be valued at their cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate, and adjusted by an amount equal to the discount or premium at which they were acquired divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the date as of which the assets are being valued;
- 9.3.5 the value attributed to any open futures position will be the amount calculated by reference to the settlement price on the principal futures exchange on which that future is being traded after deduction of any commission or charge that would be incurred in liquidating that future at the settlement price on the relevant day. If any future cannot be valued by reference to the settlement price on that day due to the operation of daily limits or other rules of the market on which that future is traded, then the value of that future will be the value which is attributed to it by the Manager after obtaining such professional advice as the Manager thinks fit;
- 9.3.6 in relation to any future which is a forward contract for a currency other than sterling which is not traded on a futures exchange, the value of any particular contract will be the average between the lowest offered price and the highest bid price at the close of business on the relevant day of the banker or broker through whom the contract is traded;
- 9.3.7 investments in unit trusts or other forms of collective investment schemes will be valued at the latest available mid-market price or valuation quoted by the manager or, as the case may be, the administrator of the unit trust or scheme in question;
- 9.3.8 any treasury bills and other government obligations held for margin deposits and any interest and exchange rate contracts will be valued at their market value,
- PROVIDED THAT if in the case of any investment the Directors at any time consider that the above basis of valuation is inapplicable or that the value determined in accordance with the foregoing principles is unfair they shall be entitled to substitute what in their opinion is a fair value therefor (or different values for the purpose of calculating offer prices and bid prices).
- 9.4 Notwithstanding the foregoing, where at the time as of which the assets are being valued any investment of the Company has been realised or unconditionally contracted to be realised there shall be included in the assets of the Company in place of such investment the net amount receivable by the Company in respect thereof provided that if the net amount receivable is not payable until some further time after the time as of which the assets are being valued the Directors may make such allowance as they consider appropriate.
- 9.5 Notwithstanding the rules in sub-paragraph 9.3, where an option subsists for another person to purchase an asset from the Company or for the Company to sell an asset to another person, but such option has not been exercised, the value of the asset concerned shall be taken to be the price at which the option is exercisable, at any time at which such price is (in the case where another person is entitled to purchase) lower than, or (in the case where the Company is entitled to sell to another person) higher than, the price by reference to which the value would otherwise be calculated.
- 9.6 Any valuations made shall be binding on all relevant persons.
- 9.7 The liabilities of the Company shall be deemed to include all its liabilities (including such amount as the Directors determine to provide in respect of contingent liabilities including (but without limitation) liabilities in respect of taxation on income or capital gains whether realised or unrealised) of whatsoever kind and nature. Any unrealised loss on open contracts will be included as liabilities of the Company. In determining the amount of such liabilities the Directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. All fees and expenses payable by the Company shall be treated as accruing on a daily basis unless the Directors shall otherwise determine.
- 9.8 Brokerage commissions on open contracts shall be accrued as a liability of the Company upon the initiation of such positions.
- 9.9 The preparation of such valuations may be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure be obtained. Such suspension will be communicated to investors via a Regulatory Information Service.

10. Publication of Net Asset Value

The Company announces its unaudited Net Asset Value weekly, based on the value of its investments (calculated in accordance with the valuation policy set out above) at the end of each working week. The price of the Shares will be published daily in both the Daily Telegraph and in the Financial Times.

11. ISAs

Investors are recommended to consult their tax adviser and/or managers in relation to the eligibility of the Placing Shares for share plans including ISAs.

Shares allotted under the Placing are not eligible for direct transfer into an ISA. Placing Shares acquired in the secondary market may be eligible for inclusion in an ISA. Eligibility for inclusion of the Placing Shares in an ISA is subject to the usual subscription limits applicable (for the tax year 2010/11 an individual aged 18 or over may invest up to £10,200 worth of stocks and shares in the stocks and shares account of an ISA). The account manager should confirm the ISA eligibility of the Placing Shares.

The Directors seek to manage the affairs of the Company so as to maintain the eligibility of the Placing Shares acquired in the secondary market for inclusion in an ISA, although this cannot be guaranteed.

12. Registered Pension Schemes

The Placing Shares are expected to be eligible for inclusion in registered pension schemes, including SIPPS and SSASs, although investors should check that an investment in Placing Shares is permitted by the rules of the relevant registered pension scheme. It is expected that the Placing Shares may be acquired, held and disposed of by a registered pension scheme (including a scheme in which the member may control or influence the investments that the scheme makes) without that acquisition, holding or disposal triggering tax charges, however, investors should confirm this independently with their tax or financial advisers before investment.

13. Management Shares

The Management Shares, of which there are 2 in issue, were created to comply with the Companies (Guernsey) Law, 1994-1996, as amended in place at the time of the Company's incorporation, under which there must be a class of non-redeemable shares in issue in order that the Shares may be redeemable preference shares. The Management Shares do not carry any rights to dividends and, in a winding-up, rank only for a return of the amount of the paid-up capital on such shares after return of capital on all other shares in the Company.

PART 4

Placing Arrangements

1. The Placing

Pursuant to the Placing Agreement, Cenkos Securities has conditionally agreed to use its reasonable endeavours to place Shares up to an aggregate value of £50 million at the Placing Price. The Placing Price is expected to be announced through a Regulatory Information Service on 13 September 2010 and will be calculated by applying a premium of 2 per cent. to the unaudited Net Asset Value per Share as at the close of business on the Calculation Date (rounded up to the nearest tenth of one pence).

The Placing, which is not underwritten, is conditional, *inter alia*, upon:

- (a) Admission; and
- (b) the Placing Agreement becoming unconditional and not being terminated in accordance with its terms at any time prior to Admission.

The Placing cannot be revoked after dealings in the Placing Shares have commenced on the London Stock Exchange.

Commitments under the Placing must be received by Cenkos Securities no later than 5.00 p.m. (London time) on 13 September 2010, or such time that Cenkos Securities at its sole discretion may determine.

2. General

The Company is seeking to raise up to £50 million under the Placing. However, if applications under the Placing exceed such maximum amount, Cenkos Securities, in consultation with the Company, shall have discretion as to the scaling back of applications received under the Placing.

The Placing is being made at the Placing Price on a non pre-emptive basis to investors procured by Cenkos Securities. The minimum commitment under the Placing is for £1,000 and commitments in excess of this should be in multiples of £500 as appropriate.

All commitments for Placing Shares at the Placing Price will be payable in full in cash. No commissions will be paid by the Company to any placee under the Placing. Commitments under the Placing, once made, may not be withdrawn without the consent of the Directors at their discretion. The basis of allocation shall be determined by the Directors in consultation with Cenkos Securities.

Under the Placing Agreement, Cenkos Securities is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Placing. Cenkos Securities is also entitled under the Placing Agreement to retain agents and may pay commission in respect of the Placing to any or all of those agents out of its own resources.

3. Announcement of Results, Share Certificates, CREST and Dealings

It is expected that the results of the Placing will be announced on or around 14 September 2010. Application has been made to the FSA for all of the Placing Shares to be admitted to the Official List. Application has also been made for the Placing Shares to be admitted to trading on the main market of the London Stock Exchange. It is expected that Admission will become effective and that dealings will commence in the Placing Shares on the London Stock Exchange at 8.00 a.m. on 20 September 2010.

The Placing Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the existing Shares.

The Placing Shares will be issued in registered form and may be held in certificated or uncertificated form. Temporary documents of title will not be issued pending the despatch of definitive certificates for Placing Shares. Dealings in Placing Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the persons concerned.

The ISIN number and SEDOL code for the Shares is GB00B018CS46 and B018CS4 respectively.

4. Settlement

Payment for Placing Shares issued under the Placing should be made through Cenkos Securities on a delivery versus payment basis, and in any such case in accordance with settlement instructions to be

notified to placees by Cenkos Securities. To the extent that any placing commitment is rejected in whole or in part, monies received will be returned without interest at the risk of the person concerned.

5. Costs and Expenses of the Placing

The total gross costs incurred by the Company in connection with the Placing, are estimated to be £1.2 million (0.52 per cent. of the enlarged Net Assets of the Company following Admission) (assuming the Placing is fully subscribed).

The gross costs of the Placing will be reduced by the uplift to the Company's Net Asset Value arising on the issuance of Placing Shares at a 2 per cent. premium to the Net Asset Value on the Calculation Date. By way of illustration, if the Placing Shares were issued at a 2 per cent. premium to the unaudited Net Asset Value as at 27 August 2010, and assuming the Placing is fully subscribed, the net costs of the Placing would be £207,000, representing 0.09 per cent. of the enlarged Net Assets of the Company following Admission.

Subject to Shareholders approving an amendment to the Articles increasing the maximum aggregate amount of fees payable to the Directors per annum from £150,000 to £170,000, to be proposed at the annual general meeting of the Company which is expected to be held in November 2010, each Director will receive £5,000 in connection with the extra services they will have to have performed in connection with the Placing.

6. Net Proceeds

The estimated Net Proceeds are expected to be £48.8 million (on the basis that the Placing is fully subscribed). Had the Placing occurred on 31 December 2009, the Company's assets would have increased by an amount equal to the Net Proceeds and its liabilities would have remained the same. The Placing is expected to be earnings per Share neutral.

7. Money Laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company and its agents, the Receiving Agent, Administrator or Cenkos Securities will require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

PART 5

Taxation

General

The information below, which relates only to Guernsey and United Kingdom taxation, summarises the advice received by the Board and is applicable to the Company and to persons who are resident in Guernsey or who are resident or ordinarily resident in the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current revenue law and published practice and is subject to any subsequent changes therein.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than Guernsey or the United Kingdom, you should consult your independent professional adviser.

Taxation

Guernsey

The Company

The Company has been granted tax exempt status by the Administrator of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £600 per annum. It is expected that the Company will continue to apply for exempt status.

As exempt status has been granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes and will be exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In the absence of exempt status, the Company would be treated as resident in Guernsey for Guernsey income tax purposes and would be subject to a zero rate of income tax, as described below.

In keeping with its ongoing commitment to meeting international standards, the States of Guernsey is currently undertaking a review of its tax regime and, in particular, the taxation of corporate entities with a view to implementing any required revisions to the regime at some point after the review. At this point in time, the key features and timetable for implementation of any revised regime have yet to be determined. Whilst the information is accurate as at the date of this document, the ongoing review by the States of Guernsey could in the future affect the Company's and the Shareholders' liability to tax.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

Capital Taxes and Stamp Duty

At present, Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax) gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

EU Savings Tax Directive

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. The Company will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to UCITS authorised in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bilateral agreements on the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with the current States of Guernsey guidance on the application of the bilateral agreements, where the Company's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not be required to retain tax from, or exchange information regarding, distributions made by the Company

and/or the proceeds of the sale, refund, or redemption of shares in the Company. Amendments to the EU Savings Tax Directive are currently being considered and it is possible that Guernsey will introduce equivalent amending measures. This could lead to changes that may affect the Company.

Shareholders

Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any shares in the Company owned by them. Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid on shares in the Company owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status. The Company is required to provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey. Non-Guernsey resident Shareholders will not be subject to Guernsey tax on the redemption or disposal of their holding of shares in the Company.

United Kingdom

The Company

The Company is managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated there), the Company will not be subject to United Kingdom tax on its income or capital gains other than on any United Kingdom sourced income.

Shareholders (Shares through an ISA, a SIPP or a SSAS)

Dividends on Shares held within an ISA are exempt from income tax. Capital gains arising on the disposal of Shares held within an ISA are exempt from capital gains tax.

Contributions made to a SIPP or a SSAS are tax deductible. In addition, income and capital gains arising from investments held in a SIPP or a SSAS are exempt from income tax and capital gains tax.

Shareholders (not holding Shares through an ISA, a SIPP or a SSAS)

Capital Gains Tax

The Directors have been advised that the Company should not be an offshore fund for the purposes of United Kingdom taxation and the provisions of Chapter V of Part XVII of the Taxes Act will not apply. Accordingly, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident or ordinarily resident in the United Kingdom, or who carry on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may, depending on their circumstances and subject as mentioned below, be liable to United Kingdom tax on capital gains (or in the case of companies, corporation tax on chargeable gains) realised on the disposal of their Shares.

On a subsequent disposal (which includes a redemption) by an individual Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes, the Shares may give rise to a chargeable gain. A Shareholder which is a body corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the retail prices index.

Dividends

UK resident individual Shareholders who receive a dividend from the Company, and who hold less than 10 per cent. of the issued share capital of the Company, will generally be entitled to a tax credit equal to one-ninth of the dividend payment, which can be set against the individual's income tax liability on the dividend payment.

Such UK resident individual Shareholder will generally be taxable on the total of the dividend payment and the tax credit (the "gross dividend"), which will be regarded as the top slice of the Shareholder's income. The tax credit will discharge the individual's liability to income tax on the gross dividend, except to the extent the gross dividend falls above the threshold for higher rate income tax, in which case the Shareholder will (if he is subject to tax at the higher rate), be subject to income tax on the gross dividend at the current dividend rate of 32.5 per cent. but will be able to set the tax credit off against this liability such that the effective rate will be 25 per cent. of the dividend payment.

The highest rate of income taxation for individuals with taxable income in excess of £150,000 per annum has been increased to 50 per cent. with effect from April 2010. The rate of tax on the gross dividend for an individual Shareholder whose taxable income exceeds this threshold will increase to 42.5 per cent. such that after taking into account the tax credit the effective rate of tax on the dividend payment will be approximately 36 per cent.

In principle, UK tax resident corporate Shareholders will be liable to corporation tax on dividends received from the Company. The UK Finance Act 2009 has introduced a comprehensive set of rules for the taxation of dividends and other distributions received by a company liable to UK corporation tax from another company (resident in the UK or not). A UK tax resident corporate holding Shares may be exempt from UK tax on dividends paid by the Company, but prospective investors should seek their own specialist advice in relation to how these new rules affect them.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

Generally, no United Kingdom stamp duty or SDRT is payable on a transfer of or agreement to transfer Shares.

Other United Kingdom tax considerations

United Kingdom resident companies having an interest in the Company, such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's undistributed profits in accordance with the provisions of Chapter IV of Part XVII of the Taxes Act relating to controlled foreign companies. These provisions only apply if the Company is controlled by United Kingdom residents.

Individuals ordinarily resident in the United Kingdom should note that Chapter 2 of Part 3 of the Income Tax Act 2007 which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company. However, those provisions will not apply if the Shareholder can satisfy HM Revenue & Customs that either:

- (1) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of his investment in the Company; or
- (2) the investment was a *bona fide* commercial transaction and was not designed for the purpose of avoiding UK taxation.

The attention of United Kingdom Shareholders resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 10 per cent. of the shares of the Company. The capital gains attributed to the Shareholder may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the Shareholder.

If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, he should seek advice from his own independent professional adviser.

PART 6

General Information

1. Responsibility

The Company and its Directors (whose names appear on page 15 of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. Incorporation, History and Conduct of Business

- 2.1 The Company was incorporated with limited liability in Guernsey under The Companies (Guernsey) Law 1994-1996, as amended, on 1 June 2004 with the name Ruffer Investment Company Limited and registered number 41996. The Company, which is domiciled in Guernsey, operates under the Companies Law and the ordinances and regulations made thereunder. The Company has no subsidiary or parent undertakings or associated companies.
- 2.2 The Company has its registered office and principal place of business at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL.
- 2.3 The Company's accounting periods terminate on 30 June of each year.
- 2.4 The Company is neither regulated nor authorised by the FSA. The Company's shares are traded on the main market of the London Stock Exchange, and it is subject to the Listing Rules. The Company's shares are not traded on any other market.
- 2.5 Changes in the authorised and issued share capital of the Company since incorporation are summarised in paragraph 3 below.

3. Share Capital

- 3.1 The Company was incorporated with an authorised share capital of £20,100 divided into 100 Management Shares of £1.00 each and 200 million unclassified shares of 0.01p each.
- 3.2 The two Management Shares issued for the purposes of incorporation were issued at par.
- 3.3 The Management Shares are registered as to one share in the name of Admiral Nominees Limited and the other in the name of Nelson Representatives Limited both of which shares are held for and on behalf of a Guernsey charitable trust.
- 3.4 The Company issued 50,000,000 Shares fully paid for cash at a price of 100p each pursuant to a placing and offer for subscription on 5 July 2004.
- 3.5 On 17 December 2004, the Royal Court of Guernsey confirmed the reduction of share capital by way of a cancellation of the amount standing to the credit of the Company's share premium account. The amount so cancelled was credited as a distributable reserve available as distributable profits to be used for all purposes permitted under Guernsey company law including the buy back of shares and the payment of dividends.
- 3.6 The Company issued 67,500,000 C Shares fully paid for cash at a price of 100p each pursuant to a placing and offer for subscription on 26 September 2005. These shares were converted into 56,117,074 Shares on 19 December 2005.
- 3.7 As at 30 June 2007, the Company had two Management Shares and 106,117,074 Shares in issue all of which were fully paid.
- 3.8 On 29 November 2007 the Company redeemed 16,987,371 Shares at the prevailing Net Asset Value per Share of £1.2202.
- 3.9 On 8 February 2008, the Royal Court of Guernsey confirmed the reduction of share capital by way of a cancellation of the amount standing to the credit of the Company's share premium account. The amount so cancelled was credited as a distributable reserve available as distributable profits to be used for all purposes permitted under Guernsey company law including the buyback of shares and the payment of dividends.

- 3.10 As at 30 June 2008 and 30 June 2009, the Company had two Management Shares in issue and 89,129,703 Shares in issue all of which were fully paid.
- 3.11 On 12 October 2009 the Company successfully applied to the UKLA and the LSE for the blocklisting of 8,912,969 Shares and by 12 April 2010, the Company had used its full blocklisting facility of 8,912,969 Shares all of which were fully paid.
- 3.12 The authorised share capital and the issued share capital of the Company (all of which are fully paid up) as at 30 June 2010 were and as at the date of this document are as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>No of Shares</i>	<i>Nominal (p)</i>	<i>No of Shares</i>	<i>Nominal (p)</i>
Management Shares	100	100	2	100
Unclassified Shares	200,000,000	0.01	98,042,672	0.01
C Shares	75,000,000	0.1	–	0.1

- 3.13 The maximum aggregate value of Placing Shares to be issued pursuant to the Placing is £50 million.
- 3.14 In order to maintain its 'Premium Listing' on the Official List and to facilitate inclusion in certain financial market indices, by special resolution passed on 6 August 2010 the Company resolved:
- that new articles of association be adopted to, *inter alia*, insert pre-emption rights such that any shares proposed to be issued by the Company (save for any such shares which are proposed to be paid otherwise than in cash) must first be offered to holders of the relevant class *pro rata* to their existing holdings of the relevant class; and
 - that such pre-emption rights be revoked until immediately prior to the annual general meeting of the Company to be held in 2013.
- 3.15 The allotment of the Shares pursuant to the Placing will, therefore, be made on a non pre-emptive basis and in accordance with the power granted to the Board by the special resolution passed on 6 August 2009. It is expected that the Shares will be allotted pursuant to a resolution of the Board to be passed on 14 September 2010 conditional upon Admission.
- 3.16 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.17 Save as otherwise disclosed in this paragraph 3:
- there has been no change in the amount of the issued share or loan capital of the Company in the three years preceding the date of this document;
 - no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share, loan capital, or any other business of the Company or any of its subsidiaries in the three years preceding the date of this document; and
 - no share or loan capital of the Company is under option or is agreed, conditionally or unconditionally, to be put under option.
- 3.18 Other than pursuant to the Placing there is no present intention to issue any of the authorised but unissued share capital of the Company.
- 3.19 As at the date of this document, the Company does not have any outstanding convertible securities, exchangeable securities, securities with warrants or securities not representing share capital.
- 3.20 The Placing Shares are in registered form and, subject to the provisions of the Regulations and the Articles, the Directors may permit the holding of shares of any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Regulations). Where Placing Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where Placing Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.
- 3.21 Subject to the exceptions set out in paragraph 6.2.9 of this Part 6 in the section headed "Transfer of shares", shares issued by the Company are freely transferable and Shareholders are entitled to

participate (in accordance with their rights specified in the Articles of Association) in the assets of the Company attributable to their shares in a winding up of the Company.

4. Directors' and Other Interests

- 4.1 In so far as is known to the Company, the interests of each Director, including any connected person, as at 27 August 2010 (the latest practicable date prior to the publication of this document) the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company together with any options in respect of such capital immediately following the Placing are set out below. All such Shares allotted and issued are and will be beneficially held by such Directors unless otherwise stated.

<i>Directors</i>	<i>No of Shares</i>	<i>Percentage issued Shares</i>
John de Havilland	—	—
Wayne Bulpitt	20,000	0.02
Jan Etherden	36,627	0.03
Peter Luthy	—	—
Christopher Spencer	14,157	0.01
Ashe Windham	62,906	0.06

None of the Directors, or insofar as the Directors are aware, any connected persons, will subscribe for Shares under the Placing.

- 4.2 In respect of the Company's accounting period ended 30 June 2010 each of the Directors (other than the Chairman) received £20,000, pro rated on a per annum basis from the date of their appointment. The Chairman received £28,500 on the same basis. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 30 June 2010 which was payable out of the assets of the Company was £128,500. No Director of the Company has waived or agreed to waive future emoluments nor has any Director waived any such emolument during the current financial year. Subject to Shareholders approving an amendment to the Articles increasing the maximum aggregate amount of fees payable to the Directors per annum from £150,000 to £170,000 to be proposed at the annual general meeting of the Company which is expected to be held in November 2010 each Director will receive £5,000 in connection with the extra services they have performed in connection with the Placing.
- 4.3 No Director has a service contract with the Company, nor are any such contracts proposed. Except for Mr. Windham, all of the Directors were appointed as non-executive directors by letters dated 22 June 2004. Mr Windham was appointed as a non-executive on 24 February 2009. Each Director's letter of appointment states that their appointment and any subsequent termination or retirement shall be subject to three months' notice from either party and otherwise to the Articles. Each Director's appointment letter provides that, upon the termination of his appointment, that Director must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (1) written resignation (in the case of a Director not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director); (2) unauthorised absences from board meetings for six months or more and the Board resolves that his office shall be vacated; (3) becoming of unsound mind or incapable; (4) attaining 73 years of age; (5) insolvency or if he suspends payment or compounds with his creditors; (6) written request of the other Directors; (7) an ordinary resolution of the Company, and (8) becoming a UK resident and as a result thereof, a majority of the Directors are resident in the UK. Copies of the Directors' letters of appointment are available for inspection at the address specified in paragraph 11 of this Part 6.
- 4.4 Mr de Havilland, the current Chairman of the Company, will retire at the Company's next annual general meeting which is expected to be held in November 2010 on account of his approaching the mandatory retirement age of 73 years as set out in the Company's articles of association. It is the Board's current intention to propose at the next annual general meeting that Mr Windham is appointed as the new Company Chairman. In addition, a new non-UK resident director shall be appointed to the Board prior to Mr de Havilland's retirement.

- 4.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 4.6 None of the Directors is entitled to pension, retirement or similar benefits.
- 4.7 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.
- 4.8 In addition to their directorships of the Company, the Directors hold or have held the following directorships and are or were members of the following partnerships over or within the previous five years:

Current Directorships and Partnerships

John de Havilland

Avonvogie Enterprises Limited
 Brabazon Limited
 Cadogan Group Limited
 Cadogan Estates Agricultural Holdings Limited
 Cadogan Settled Estates Limited
 Cadogan Settled Estates Shareholding Company Limited
 Dunlossit Trustees Limited
 Lower Brora Fishings Limited
 PLMS Trustees Limited
 The Shimpling Trust Limited

Wayne Bulpitt

Active Group Limited
 Active Management Services Limited
 Albis Asset Management Limited
 Arrow Guernsey Holdings Limited
 Arrow Global Guernsey Limited
 Ascent Fund Managers Limited
 Aztec Financial Services Guernsey Limited
 BNP Paribas Fund Services (G) Ltd
 Decaf
 Distribution Partners (Guernsey) Limited
 Excelsior Consulting Limited
 First Avenue Partners Management (Guernsey) Limited
 Guernsey Youth LBG
 Hanseatic Asset Management LBG
 Hansa Fund PCC Limited
 Hansa Special Opportunities Fund Limited
 HAML Consulting GmbH
 Hansa Capital Ltd
 HRS Asset Management Limited
 HRS Absolute Return SPV One Limited
 HRS Diversified Fund PCC Limited
 HRS Diversified Limited
 HRS Holdings Limited
 Insight Global Farmland Fund Ltd
 Insight Consumer Debt Recovery GP I Ltd
 Invista Real Estate Investment Management (CI) Ltd
 Mare Baltic PCC Limited
 Marson Strategic Growth Fund PCC Ltd
 Novator Guernsey Limited
 Novator Credit Management Limited
 Odey Investments (CI) Limited
 Odyssey Investment Advisors Limited
 PSG Active Fund Services Limited
 PSG Investment Services (C.I.) Limited
 PSG Fund Management (CI) Ltd
 PSG Mutual Fund PCC Ltd
 The International Mutual Fund PCC Limited
 Ridley Park Paragon Master Fund Limited
 Ridley Park Paragon Fund Limited

Past Directorships and Partnerships

Clean Diesel Technologies Inc
 Englehall Trustees Limited
 One-Forty-Five Trust Limited

Active Compliance Services Limited
 Aras Investment Management Limited
 BlueCrest Guernsey Limited
 BlueCrest Capital Management Guernsey Limited
 BlueCrest Capital Management Holdings Limited
 Cenkos (Channel Islands) Limited
 CIBC Fund Managers (Guernsey) Limited
 CIBC Private Client Fund Limited
 Currency Concept 2000 Limited
 Fortis Funds Services Limited
 III Currencies Fund Limited
 M3 Capital Assurance PCC Limited
 Novator Guernsey Services Limited
 Puritan International Fund PCC Ltd (members voluntary liquidation)
 Resources Fund Management Limited
 Scout Services Limited
 Sonecho Wealth Management Ltd
 Syndicate Asset Management (CI) Limited
 Zenith Bond Funds Limited
 Zenith Multi-Manager Funds Limited
 Syndicate Nominees (CI) Limited
 Zenith Reserves Fund Limited
 The Professional Investor Fund PCC Limited
 The Resource Fund Limited
 The Scout Association Pension Fund
 Ufford Insurance Plc
 Vantage International Limited

Current Directorships and Partnerships

Ruffer Investment Fund plc
Ruffer Illiquid Strategies Fund of Funds 2009 Limited
Scout Insurance (Guernsey) Limited
Swissvest (Guernsey) Limited
Swissvest PCC Limited
Sydney Charles Fund Managers Limited
Vinum Fund Managers Limited
VIS Ltd
Waverton Holdings Ltd

Jan Etherden

None

Peter Luthy

Banquo Credit Management (Asia) Pte Ltd
Banquo Credit Management LLP
Banquo Credit Management (2) Limited
Ruffer Illiquid Strategies Fund of Funds 2009 Limited

Christopher Spencer

Alpha Bank Jersey Limited
Alpha Asset Finance CI Ltd
BSI Generali UK Limited
Carib Golf Limited
Dexion Trading Limited
Generali International Limited
Generali Portfolio Management (CI) Limited
Generali Worldwide Insurance Company Ltd
Grenfell PAI Guernsey Limited
Hillside Apex Fund Limited
Henderson Far East Income Limited
IRP Property Investments Limited
IRP Holdings Limited
KAAN Limited
Kingsway Fund Limited
Low Carbon Accelerator Limited
Opportunity Investment Co. Limited
Queen's Walk Investment Limited
Nevsky Fund Limited
RIL Insurance Limited
Rutley Russia Property Fund Limited
Safedataco.com Limited
Sitex Insurance PCC Limited
Spencer Holdings Limited
Tamaar European Industrial Fund Ltd
Tacus Fund Limited
TEIF Luxembourg SARL
TEIF Luxembourg Scandi SARL
Thames River Hillside Apex Fund SPC
Thames River Hillside Apex Fund II Limited
Thames River Kingsway Fund Limited
Kingsway Fund Limited
Thames River Legion Fund Limited
Thames River Longstone Limited
Thames River Property Growth & Income Fund Limited

Ashe Windham

Castle and Gardens of Mey Limited
Dunlossit Trustees Limited
Hurstbourne Trustees Limited
Old Etonian Trust (The)
PLMS Trustees Limited

Past Directorships and Partnerships

Newton Investment Management Limited Collectors
Art Advisers LLP

Banquo Finance Limited
Tradesurface Limited
Banquo Management Limited

Thames River Scimitar Fund Limited
(members voluntary liquidation)

Thames River Topaz Fund Limited (members
voluntary liquidation)
Thames River Garret Fund Limited (members
voluntary liquidation)
Gartmore SICAV W/E
Drummonds Insurance PCC Ltd
St John's Ambulance and Rescue
Guernsey Gambling Control Commission
Cowry Global Financials Fund Limited (members
voluntary liquidation)
Advance Focus Fund Limited (members voluntary
liquidation)
Thames River Tybourne Fund Limited (members
voluntary liquidation)
Henderson Far East Income (Malta) Limited
(members voluntary liquidation)
Thames River EDO Fund (members voluntary
Liquidation)
PSolve Alternatives PCC Ltd (members voluntary
liquidation)
Thames River Kingsway Plus Fund Limited (members
voluntary liquidation)
Thames River Argentum Fund Limited (members
voluntary liquidation)
Thames River ZeCo Fund Limited
Thames River Origin Fund Limited
Thames River 2X Currency Alpha Fund Limited
(members voluntary liquidation)
Rutley East African Property Limited (members
voluntary liquidation)

At the date of this document, none of the Directors:

- 4.8.1 has any convictions in relation to fraudulent offences for at least the previous five years;
- 4.8.2 has been bankrupt, a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer at the time of any receivership or compulsory or creditors' voluntary liquidation for at least the previous five years;
- 4.8.3 has been subject to any public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.
- 4.9 As at the date of this document, there are no conflicts of interest between duties owed by the Directors to the Company and any of their private interests and/or duties. There are no lock-up provisions regarding the disposal by way of the Directors of any Shares.
- 4.10 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 4.11 From 19 November 1994 to 6 July 2007, Mr Windham beneficially owned, and from 6 July 2007 to 13 March 2009, Mr Windham legally and beneficially owned 100 shares in Ruffer Investment Management Limited, representing 1 per cent. of the issued share capital of Ruffer Investment Management Limited. Ruffer Investment Management Limited is the managing member of the Manager. As at the date of this document 100 shares in Ruffer Investment Management Limited represented an indirect holding of approximately 0.42 per cent. in the Manager. As from 13 March 2009 Mr Windham held no shares in Ruffer Investment Management Limited following the transfer of such shares to his wife who continues to own the shares.
- 4.12 The business address of the Directors is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL.

5. Major Interests

- 5.1 As at 27 August 2010 (being the latest practicable date prior to the publication of the document), insofar as is known to the Company, the following persons were interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

Name	Shares	%
State Street Nominees Limited	11,891,326	12.11
Roy Nominees Limited	9,371,666	9.54
Rathbone Nominees Limited	5,647,171	5.55
Speirs & Jeffrey Client Nominees Ltd	3,995,587	4.13
Alliance Trust Savings Nominees Limited	3,213,687	3.38
Adam & Company (Nominees) Limited	3,098,316	3.16
Chase Nominees Limited	3,016,384	3.08

- 5.2 It should also be noted that the Manager holds 17,711,715 Shares (approximately 18.1 per cent. of the Shares in issue) on behalf of its discretionary clients (including 61,418 Shares in respect of which the Manager does not hold voting rights).
- 5.3 Those interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company do not now and, following the Placing, will not have different voting rights from other holders of shares in the Company.
- 5.4 As at 27 August 2010 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company or will exercise or could exercise control over the Company upon Admission. For this purpose joint control means control exercised by two or more person who have concluded an agreement which may lead to their adopting a common policy in respect of the Company.

- 5.5 As at 27 August 2010 (being the latest practicable date prior to the publication of this document), the Company is not aware of any arrangements in the operation of which may at a subsequent date result in a change of control of the Company.

6. Articles of Association

- 6.1 The Memorandum of Association of the Company provides that the objects of the Company include carrying on business as an investment company. A copy of the Memorandum of Association and Articles of the Company are available for inspection at the addresses specified in paragraph 11 of this Part 6.

- 6.2 The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

6.2.1 Votes of members

Subject to the restrictions referred to below and to any special rights or restrictions for the time being attached to any class of shares, every member present in person or by proxy has, on a show of hands, one vote and, on a poll, one vote for every share held by him.

6.2.2 Shares

(i) Management Shares of £1.00 each

The Management Shares have been created so that the Shares may be issued. They may be issued only at par to or on behalf of the Administrator of the Company. The Management Shares are owned for and on behalf of a Guernsey charitable trust by Admiral Nominees Limited and Nelson Representatives Limited respectively. The Management Shares carry one vote each on a poll, do not carry any right to dividends and, in a winding-up, rank only for a return of the amount of the paid-up capital on such shares after return of capital on the Shares and Nominal Shares. The Management Shares are not redeemable.

(ii) Shares of 0.01 p each

Income

Holders of Shares are entitled to participate in any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or any other income right to participate therein.

Capital

Holders of Shares are entitled on the winding-up of the Company to receive out of the assets of the Company available for distribution an amount equal to the nominal value of the Shares plus the surplus (if any) remaining after payment of the nominal values of the Nominal Shares and Management Shares then in issue.

Redemption

The Directors are entitled in their absolute discretion to determine the procedures for redemption, on and after the Redemption Date (subject to the facilities and requirements of CREST). Without prejudice to the foregoing and subject to the Companies Law and to such pre-determined maximum, the Company shall on each Redemption Date redeem such number of Shares as the Board may determine. The Company shall notify Shareholders of the number of Redemption Shares, if any, to be redeemed (subject to such pre-determined maximum) and the discount to be applied to the Net Asset Value of the Shares in arriving at the redemption price.

Payment of the redemption price in respect of any Shares in certificated form may be made by cheque or warrant made payable to the relevant Shareholders or, in the case of joint Shareholders, to such relevant joint Shareholders or to such person or persons as the relevant Shareholder or all the relevant joint Shareholders may in writing direct and sent (at the risk of the Shareholder or Shareholders) to the address specified by that Shareholder (or, if none is specified, to the address of the Shareholder as entered on the register, or in the case of joint Shareholders, to that one of the relevant joint Shareholders who is first named on the register in respect of such Shares). Due payment of the cheque or warrant will be in satisfaction of the redemption price represented thereby. The Company may alternatively make such payment by electronic transfer to a bank account nominated by the relevant

Shareholder or all the relevant joint Shareholders and notified to the Registrar not less than three Business Days before the Redemption Date, at the Shareholder's or Shareholders' expense. Every such cheque or warrant which is sent through the post shall be sent by first class post.

Each payment in respect of Shares held in uncertificated form (that is, in CREST) will be made by electronic transmission to an account in accordance with the mandate instruction in writing acceptable to the Company given by the relevant Shareholder or all the relevant joint Shareholders.

(iii) *C Shares of 0.1p each and Deferred Shares of 0.01p each*

(A) Definitions

The following definitions apply (for the purposes of this paragraph 6.2.2 only) in addition to, or (where applicable) in substitution for the definitions applicable elsewhere in this document:

"Articles of Association" means the new articles of association of the Company adopted by the special resolution passed at the Extraordinary General Meeting of the Company on 6 August 2010;

"C Share Surplus" in relation to any tranche of C Shares means the net assets of the Company attributable to the C Shares in that tranche, being the assets attributable to the C Shares in that tranche (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such C Shares;

"Calculation Time" in relation to any tranche of C Shares means the earliest of:

- (a) the close of business on the date determined by the Directors that at least 80 per cent. of the assets attributable to that tranche of C Shares have been invested (as defined below) in accordance with the Company's investment policy;
- (b) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that such circumstances are in contemplation;
- (c) the close of business on such date as the Directors may determine to enable the Company to comply with its obligations in respect of Conversion; and
- (d) the close of business on the date falling six months after Admission of that tranche of C Shares;

"Conversion" means in relation to any tranche of C Shares, the subdivision and conversion of that tranche of C Shares in accordance with paragraph (I) below;

"Conversion Ratio" is A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C-D}{E}$$

and

$$B = \frac{F-G}{H}$$

and where:

"C" is the aggregate of:

- (i) the value of the investments of the Company attributable to the C Shares of the relevant tranche (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (ii) below) which are listed or dealt in on a stock exchange or on a similar market:
 - (a) calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Calculation Time, being the closing middle market prices for all

investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under the London Stock Exchange Daily Electronic Trading Service ("SETS") and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Calculation Time, as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Calculation Time; or

- (b) where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price at the Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors;
- (ii) the value of all other investments of the Company attributable to the C Shares of the relevant tranche at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time; and
- (iii) the amount which, in the Directors' opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company attributable to the C Shares of the relevant tranche (including cash and deposits with or balances at bank and including any accrued income and other items of a revenue nature less accrued expenses);

"D" is the amount which (to the extent not otherwise deducted in the calculation of "C") in the Directors' opinion fairly reflects the amount of the liabilities attributable to the C Shares of the relevant tranche at the Calculation Time;

"E" is the number of C Shares of the relevant tranche in issue at the Calculation Time;

"F" is the aggregate of:

- (i) the value of all the investments of the Company (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (ii) below), other than investments attributable to the C Shares (of whatever tranche) in issue at the Calculation Time, which are listed or dealt in on a stock exchange or on a similar market:
 - (a) calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under the SETS and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Calculation Time, as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment

to exclude any accrual of interest which may be included in the quoted price, as at the Calculation Time; or

- (b) where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price at the Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors:
- (ii) the value of all other investments of the Company, other than investments attributable to the C Shares (of whatever tranche) in issue at the Calculation Time at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time, and
- (iii) the amount which, in the Directors' opinion, fairly reflects at the Calculation Time, the value of the current assets of the Company (including cash and deposits with or balances at bank and including any accrued income or other items of a revenue nature less accrued expenses), other than such assets attributable to the C Shares (of whatever tranche) in issue at the Calculation Time;

"G" is the amount which (to the extent not otherwise deducted in the calculation of "F") in the Directors' opinion fairly reflects the amount of the liabilities and expenses of the Company at the Calculation Time including, for the avoidance of doubt, the full amount of all dividends declared but not paid) less the amount of "D";

"H" is the number of Shares in issue at the Calculation Time;

"Conversion Time" means a time which falls after the Calculation Time being the time at which the admission of the New Shares to the Official List becomes effective and which is the earlier of:

- (i) the opening of business on such Business Day as is selected by the Directors provided that such day shall not be more than twenty Business Days after the Calculation Time; or
- (ii) such earlier date as the Directors may resolve should Force Majeure Circumstances have arisen or the Directors resolve that such circumstances are in contemplation;

"Force Majeure Circumstances" means in relation to any tranche of C Shares any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable notwithstanding that less than 80 per cent. of the assets attributable to the relevant tranche of C Shares are invested (as defined below) in accordance with the Company's investment policy;

"Independent Accountants" means Moore Stephens or such other firm of chartered accountants as the Directors may appoint for the purpose;

"Manager" means the manager from time to time of the Company's investments;

"Issue Date" means in relation to any tranche of C Shares the date on which the admission of such C Shares to the Official List becomes effective or, if later, the day on which the Company receives the net proceeds of the issue of such C Shares;

"New Shares" means new Shares arising on the conversion of the C Shares of the relevant tranche;

"Share Surplus" means the net assets of the Company less the C Share Surplus;

"Valuation Date" the business day immediately preceding the Redemption Date.

References to the Independent Accountants certifying any matter shall be construed to mean certification of their opinion as to such matter, whether qualified or not.

For the purposes of this paragraph 6.2.2, other than in paragraph (D) below, assets or investments attributable to the C Shares of a particular tranche or the C Shareholders of a particular tranche shall mean the net cash proceeds (after all expenses relating thereto) as invested in or represented by investments or cash or other assets from time to time.

For the purposes of paragraph (a) of the definition of Calculation Time and the definition of Force Majeure Circumstances in relation to any tranche of C Shares, the assets attributable to the C Shares of that tranche shall be treated as having been “invested” if they have been expended by or on behalf of the Company in the acquisition or making of an investment (whether by subscription or purchase) or if an obligation to make such payment has arisen or crystallised (in each case unconditionally or subject only to the satisfaction of normal pre-issue conditions) in relation to which the consideration amount has been determined or is capable of being determined by operation of an agreed contractual mechanic.

(B) Issues of C Shares

- (a) Subject to the Companies Law, the Directors shall be authorised to issue C Shares in tranches on such terms as they determine provided that such terms are consistent with the provisions summarised in this sub-paragraph (a). The Directors shall, on the issue of each tranche of C Shares, determine the Calculation Time and Conversion Time together with any amendments to the definition of Conversion Ratio attributable to each such tranche.
- (b) Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Directors may, if they so decide, designate each tranche of C Shares in such manner as they see fit in order that each tranche of C Shares can be identified.

(C) Dividends and Pari Passu Ranking of C Shares and New Shares

The holders of C Shares of a tranche shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Shares Surplus of that tranche.

If any dividend is declared after the issue of any tranche of C Shares and prior to the Conversion of that tranche, the holders of Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus of the relevant tranche of C Shares.

The New Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Times and otherwise *pari passu* with the Shares in issue at the Conversion Time.

The Deferred Shares (to the extent that any are in issue and extant) shall not entitle the holders thereof to any dividend or any other right as the holders thereof to share in the profits or net assets of the Company.

(D) Rights as to Capital

The capital and assets of the Company shall, on a winding-up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (a) the Share Surplus shall be divided amongst the shareholders of Shares, Nominal Shares and Management Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution;
- (b) the C Share Surplus shall be divided amongst the C Shareholders pro rata according to their holdings of C Shares; and
- (c) the Deferred Shares shall have no rights to the capital or assets of the Company.

(E) Voting and Transfer

The C Shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company. The C Shares shall be transferable in the same manner as the Shares. The Deferred Shares shall not be transferable and shall not carry any rights to receive notice of, or attend or vote at, any general meeting of the Company.

(F) Redemption

- (a) The C Shares are issued on terms that each tranche of C Shares and Deferred Shares shall be redeemable by the Company in accordance with the terms set out in the Articles.
- (b) At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of

CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant C Shareholder(s).

- (c) The Deferred Shares arising from Conversion of a particular tranche of C Shares (to the extent that any are in issue and extant) may be redeemed at the option of the Company at any time following Conversion of the relevant tranche of C Shares for an aggregate consideration of 1p for all such Deferred Shares, and for such purposes any Director is authorised as agent on behalf of each Deferred Shareholder, in the case of any share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of each Deferred Shareholder who shall be bound by them.
- (d) The Company shall not be obliged to issue share certificates to the holders of Deferred Shares.

(G) Class Consents and Variation of Rights

Without prejudice to the generality of the Articles, until Conversion the consent of the C Shareholders as a class shall be required for, and accordingly, the special rights attached to the C Shares shall be deemed to be varied, *inter alia*, by:

- (a) any alteration to the memorandum of association of the Company or the Articles; or
- (b) any alteration, increase, consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued or authorised share capital of the Company (other than on Conversion); or
- (c) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company; or
- (d) the passing of any resolution to wind up the Company; or
- (e) the selection of any accounting reference date other than 30 June.

(H) Undertakings

Until Conversion, and without prejudice to its obligations under the Companies Law, the Company shall in relation to each tranche of C Shares;

- (a) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares of the relevant tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant tranche; and
- (b) allocate to the assets attributable to the C Shares of the relevant tranche such proportion of the expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares of the relevant tranche including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of "Conversion Ratio" above; and
- (c) give appropriate instructions to the Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

(I) Conversion

- (a) In relation to each tranche of C Shares, the C Shares shall be sub-divided and converted into New Shares and Deferred Shares at the Conversion Time in accordance with the following provisions of this paragraph, the Directors shall procure that:
 - (i) the Administrator shall be requested to calculate, within two Business Days after the Calculation Time, the Conversion Ratio as at the Calculation Time and the number of New Shares to which each holder of C Shares of that tranche shall be entitled on Conversion; and

- (ii) the Independent Accountants shall be requested to certify, within three Business Days after the Calculation Time, that such calculations:
 - (a) have been performed in accordance with the Articles; and
 - (b) are arithmetically accurate,

whereupon, subject to the proviso in the definition of Conversion Ratio above, such calculations shall become final and binding on the Company and all Shareholders and C Shareholders.
- (b) The Directors shall procure that, as soon as practicable following such certificate, an announcement is made to a Regulatory Information Service, advising C Shareholders of that tranche, the Conversion Time, the Conversion Ratio and the aggregate number of New Shares to which holders of C Shares of that tranche are entitled on Conversion.
- (c) Conversion shall take place at the Conversion Time. On Conversion:
 - (i) each issued C Share shall automatically be sub-divided into ten sub-divided C Shares of 0.01p each and such number of sub-divided C Shares shall automatically convert into such number of New Shares (such sub-division and conversion being deemed to be authorised by the special resolution creating the C Shares) as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of sub-divided C Shares which are converted into New Shares equals the aggregate number of C Shares of that tranche in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole New Share). Each sub-divided C Share which does not so convert into a New Share shall automatically convert into a Deferred Share having the rights set out in sub-paragraphs (C) and (F) above and shall be dealt with in accordance with paragraph (ii) below. Share certificates will not be issued in respect of the sub-divided C Shares.
 - (ii) each sub-divided C Share which does not convert into a New Share in accordance with paragraph (i) above and is converted into a Deferred Share shall immediately upon Conversion be redeemed by the Company in accordance with sub-paragraph (F)(c) above for an aggregate consideration of 1p for all of the Deferred Shares so redeemed. The Company shall not be obliged to account to any C Shareholder for the redemption monies in respect of such shares. Immediately following such redemption every 10 redeemed Deferred Shares shall be consolidated into Deferred Shares of 0.1p each and each such share shall automatically be reclassified as a C Share in the authorised share capital of the Company. Any Deferred Share of 0.01p not consolidated and reclassified as described above shall be reclassified as a Share in the authorised share capital of the Company. If at a time such shares would otherwise be redeemed the Company may not lawfully effect such redemption except out of the proceeds of a fresh issue of shares made for the purpose of a redemption, the Company shall issue such number of Nominal Shares of 0.01p each to the Administrator at a sufficient price per share in order to provide the Company with the funds to effect such redemption.
- (d) The New Shares arising upon Conversion shall be divided amongst the former C Shareholders pro rata according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Shares, including, without prejudice to the generality of the foregoing, selling any such Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former C Shareholders, in the case of a share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former C Shareholders who shall be bound by them.
- (e) Forthwith upon Conversion, any certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the New Shares which have arisen upon Conversion unless such former C Shareholder elects to hold their New Shares in uncertificated form.
- (f) The Company will use its reasonable endeavours to procure that, upon Conversion, the New Shares are admitted to the Official List.

(iv) Nominal Shares

Nominal Shares of 0.01p each can only be issued at par to the Administrator in order to ensure that funds are available to redeem the nominal amount paid up on Shares if the Directors so decide at the time of Share redemption. The holder or holders of Nominal Shares shall have the right to receive notice of and to attend general meetings of the Company but shall not be entitled to vote thereat. Nominal Shares shall carry no right to dividends. In a winding-up, holders of Nominal Shares shall be entitled to be repaid an amount equal to their paid up nominal value out of the assets of the Company after payment of the nominal value of the Shares.

The Administrator is obliged pursuant to the Administration Agreement to subscribe for Nominal Shares for cash at par when the Shares are redeemed to ensure that funds are available to redeem the nominal amount paid-up on each Share, unless the Directors decide that the nominal amount of such Shares is to be redeemed out of profits attributable to the Company.

(v) Deferred Shares

As described in paragraph (iii) above Deferred Shares shall only be issued in respect of Conversion of C Shares. In a winding-up after Conversion, Deferred Shares shall be entitled to return an amount equal to their nominal value after return of capital on Shares, paid up on Nominal Shares and Management Shares. The provisions in the Articles as to voting, dividend and redemption of the Deferred Shares are summarised in sub-paragraphs (C), (D) and (F) of paragraph (iii) above.

(vi) Unclassified Shares of 0.01p each;

Unclassified Shares of 0.01p each are only available for issue and designation as a Nominal Share or a Share.

6.2.3 Dividends

- (i) The Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.
- (ii) No dividend shall be paid other than out of the income of the Company as recognised for the purposes of the International Accounting Standards or such other accounting standards as may from time to time be adopted by the Directors provided always that all monies realised on the sale or other realisation of any capital assets in excess of book value and all other monies in the nature of accretion to capital shall not be treated as profits available for dividend.
- (iii) The Directors may if they think fit at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (iv) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. No dividend shall bear interest against the Company. Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.
- (v) The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute by dividend.

6.2.4 Issue of shares

- (i) Subject to the provisions of the Companies Law and the Articles and without prejudice to any special rights conferred on the holders of any class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by ordinary resolution determine and, subject to and in default of such resolution, as the Board may determine.
- (ii) Subject to the Articles, including the pre-emption rights set out below, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine but so that no share shall be issued at a discount and so that the amount payable on application of each share shall be fixed by the Board.

- (i) The Company may on any issue of shares pay such commission as may be fixed by the Board and disclosed in accordance with the Companies Law. The Company may also pay brokerages.

6.2.5 Pre-emption rights

The following provisions govern the operation of applicable pre-emption rights in respect of any shares of any class in the Company:

- (i) The following definitions govern the operation of applicable pre-emption rights in respect of any shares of any class in the Company.
 - (a) “equity securities” means any class of share of the Company or any rights to subscribe for, or to convert securities into, any class of share of the Company; and
 - (b) “allotment of equity securities” include the grant of a right to subscribe for, or to convert any securities into any class of share of the Company and the sale of any class of share of the Company that immediately before the sale are held by the Company in treasury.
- (ii) The Company shall only allot equity securities of a particular class to a person if it has made an offer to each person who holds shares of the relevant class to allot to him, on the same or more favourable terms, a proportion of those securities that is as nearly as practicable equal to the proportion in number held by him of that class of shares and the period during which such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made.
- (iii) Any such offer required to be made by the Company should be made by a notice that states a period of no less than 21 days during which it may be accepted.
- (iv) The Company may by special resolution resolve that, for a period not exceeding five years, pre-emption rights shall be excluded or that they shall apply with such modifications as may be specified in that special resolution in relation to the allotment by the Company of equity securities generally, to allotments of a particular description or to a specified allotment of equity securities.

6.2.6 Variation of rights

If at any time the capital of the Company is divided into separate classes of share, the special rights attached to any class of shares may (unless otherwise provided by the terms of issue) be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons holding or representing by proxy at least one third of the issued shares of the class. Every holder of shares of the class concerned shall be entitled at such meeting to one vote for every share held by him on a poll. The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other special rights shall not be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith or the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in the Company's shares as set out in the Articles.

6.2.7 Restrictions on voting

A member of the Company shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all amounts payable by him in respect of that share have been paid.

A member of the Company shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholders' interests and given under the Articles (see paragraph 6.2.8 below) within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

6.2.8 Notice requiring disclosure of interest in shares

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.

The Directors may be required to exercise their powers under the relevant Article on a requisition of members holding not less than one tenth of the paid up capital of the Company carrying the right to vote at general meetings. If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “default shares”) and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

6.2.9 Transfer of shares

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. If the Directors implement any such arrangements no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- a. the holding of shares of that class in uncertificated form;
- b. the transfer of title to shares of that class by means of the CREST UK system; or
- c. the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST UK system such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such securities held by the same holder or joint holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.

Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST UK system. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed.

Subject to restrictions of the Articles, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the Company's registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis.

Subject to the provisions of the CREST Guernsey Requirements the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year and shall be communicated to Shareholders, giving reasonable notice of such suspension, by means of a recognised regulatory news service.

If at any time the holding or beneficial ownership of any shares in the Company would (whether on its own or taken with other shares), in the opinion of the Directors, cause the assets of the Company to be considered “plan assets” within the meaning of Regulation S adopted by the United States Department of Labor under ERISA then any shares which the Directors decide are shares which are so held or beneficially owned (“Prohibited Share(s)”) must be dealt with in accordance with the provisions below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.

The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at general meetings of the Company and of any class of shareholders (and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion). If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate.

6.2.10 Alteration of capital and purchase of shares

- (i) The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amount as the resolution may prescribe and of such class, preference or priority as the Board may determine.
- (ii) The Company before the issue of any such new shares may resolve that all or some of them shall be offered to Members in proportion to their existing shares at such price as the Company or the Board may fix. Such an offer shall be carried out according to the procedure set out in paragraph 6.2.5 above. In the absence of any such resolution, the new shares may be dealt with as if they formed part of the original capital and shall be subject to the Articles.
- (iii) The Company may from time to time, subject to the provisions of the Companies Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Companies Law.
- (iv) The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the memorandum of association provided however that in subdivision the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from subdivision one or more shares may have such preferred deferred or other rights over the others as the Company has power to attach to unissued or new shares; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish the amount of its authorised share capital by the amount of shares so cancelled.
- (v) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorisation and consent required by the Companies Law.

6.2.11 Interests of Directors

- (i) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (1) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (2) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (3) the offer of securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to participate;
 - (4) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of any such company or of the voting rights of such company;
 - (5) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
 - (6) any proposal for the purchase or maintenance of insurance for the benefit of Directors or persons including the Directors.
- (iii) Any Director may act by himself or by his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (iv) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

6.2.12 Directors

- (i) Directors need not be members of the Company but when they are, the Company may fix a share qualification for a Director.
- (ii) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £150,000 per annum (or such sums as the Company in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.
- (iii) If any Director having been requested by the Board shall render or perform extra or special services or shall travel or go to or reside in any country not his usual place of residence for any business or purpose of the Company he shall be entitled to receive such sum as the Board may think fit for expenses and also such remuneration as the Board may think fit either as a fixed sum or as a percentage of profits or otherwise and such remuneration as the Board shall determine be either in addition to or in substitution for any other remuneration which he may be entitled to receive.
- (iv) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as the Directors may determine.
- (v) The Directors may from time to time appoint one or more of their body (other than a Director resident in the UK) to the office of managing director or to any other executive office for such periods and upon such terms as they determine.
- (vi) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of appointment are arranged or any contract in which he is

interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.

- (vii) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for re-election at, the next general meeting following his appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if it is an annual general meeting. Without prejudice to those powers, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director.
- (viii) At the first annual general meeting of the Company all of the Directors shall retire from office. At each annual general meeting thereafter, one-third of the Directors (or if their number is not three or an integral multiple of three), the number nearest to, but (except where there are less than three Directors) not greater than one-third shall retire from office.
- (ix) Subject to the provisions of the Articles, the Directors to retire by rotation on each occasion shall be those of the Directors who have been longest in office since their last appointment or re-appointment but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In addition, any Director who would not otherwise be required to retire at any annual general meeting which is the third annual general meeting after the later of his appointment by the Company in general meeting and re-election as a Director of the Company in general meeting, shall nevertheless be required to retire at such annual general meeting.
- (x) The maximum number of Directors shall be 7 and the minimum number of Directors shall be two. At no time shall a majority of the Directors be resident in the United Kingdom.
- (xi) Each Director is required to retire at 73 years of age.
- (xii) The office of Director shall be vacated if the Director resigns his office by written notice (not being a person holding for a fixed term an executive office subject to termination if he leaves from any cause to be a Director), if he shall have absented himself from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated, if he becomes of unsound mind or incapable, if he becomes insolvent, suspends payment or compounds with his creditors, if he is requested to resign by written notice signed by all his co-Directors, if the Company in general meeting by ordinary resolution shall declare that he shall cease to be a Director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom.

6.2.13 Notice of General Meetings

Notice for any general meeting shall be sent by the secretary or officer of the Company or any other person appointed by the Board not less than fourteen days before the meeting. The notice must specify the time and place of the general meeting and, in the case of any special business, the general nature of the business to be transacted. With the consent in writing of all the members, a meeting may be convened by a shorter notice or at no notice in any manner they think fit. The accidental omission to give notice of any meeting or the non-receipt of such notice by any Shareholder shall not invalidate any resolution, or any proposed resolution otherwise duly approved, passed or proceeding at any meeting. The quorum for the general meeting shall be two members present in person or by proxy.

6.2.14 Duration of the Company

At the annual general meeting of the Company in 2007 an ordinary resolution was passed that the Company continue as an investment company. The Company therefore continues indefinitely and no such further resolutions will automatically be proposed at subsequent annual general meetings.

6.2.15 Winding-up

- (i) On a winding-up, the surplus assets remaining after payment of all creditors, including payment of bank borrowings, shall be applied in the following priority:

- (1) first, in the payment to the holders of Shares of a sum equal to the nominal amount of the Shares of such class held by such holders provided that there are sufficient assets available in the Company to enable such payment to be made;
 - (2) second, in the payment to the holder or holders of the Nominal Shares of sums up to the nominal amount paid up thereon out of the assets of the Company remaining after recourse thereto under (1) above;
 - (3) third, in the payment to the holder or holders of the Management Shares of sums up to the nominal amount paid up thereon out of the assets of the Company;
 - (4) fourth, in the payment to the holders of the Shares of any balance then remaining, including but without limitation the balance of any assets in the Company.
- (ii) On a winding-up the liquidator may, with the authority of a special resolution, divide amongst the members in specie any part of the assets of the Company. The liquidator may with like authority vest any part of the assets in trustees upon such trusts for the benefit of members as he shall think fit but no member shall be compelled to accept any assets in respect of which there is any liability.
 - (iii) Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company the liquidator may, with the sanction of an ordinary resolution, receive in compensation, or part compensation for the transfer or sale, shares, policies or other like interests for distribution among the members or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

6.2.16 Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party provided always that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles) by the Company (exclusive of borrowings wholly within the Company) shall not at any time exceed 30 per cent. of the Net Asset Value of the Company.

7. Mandatory Bid and Squeeze-Out Rules

7.1 Mandatory Bid

- (a) The City Code is issued and administered by the Panel. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers, pursuant to the Takeovers Directive. Following the implementation of the Takeovers Directive, the rules set out in the City Code which are derived from the Directive now have a statutory basis.
- (b) The City Code applies to all takeover and merger transactions, however effected, where the offeree company has its registered office in the UK, the Isle of Man or the Channel Islands if the Company has its securities admitted to trading on a regulated market in the United Kingdom or on any stock exchange in the Channel Island or the Isle of Man. The City Code therefore applies to the Company.
- (c) Under Rule 9 of the City Code, where (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carries 30 per cent. or more of the voting rights of a company subject to the City Code, or (b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. but more than 50 per cent. of the voting rights of such a company, if such person, or any person acting in concert with him acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, expect with the consent of the Panel, he and any person acting in concert with him, must make a general offer in cash to the other shareholders to acquire the balance of the shares not held by him and his concert party.

7.2 Squeeze out Rules

Under the Companies Law, if a person has made a general offer (the “Offer”) to acquire shares in the Company (the “Offeror”) and if within four months after the date of making the Offer the Offer is approved by shareholders (the “Approving Shareholders”) comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares), the Offeror may, within 2 months after the expiration of those four months, give notice to any dissenting shareholder (a “Dissenting Shareholder”) that it desires to acquire his shares (a “Notice to Acquire”).

A Dissenting Shareholder may, within one month after the date of the Notice to Acquire, apply to the Royal Court of Guernsey (sitting as an Ordinary Court) (the “Court”) to cancel that Notice to Acquire and the Court on such application may cancel the Notice to Acquire or make such order as it thinks fit (the “Dissenting Shareholder Process”).

Subject to the Dissenting Shareholder Process where a Notice to Acquire is given, the Offeror is entitled and bound to acquire those shares on the terms on which, under the Offer, the shares of Approving Shareholders are to be transferred to the Offeror.

Subject also to the Dissenting Shareholder Process, the Offeror shall, on the expiration of one month from the date of the Notice to Acquire send a copy of the Notice to Acquire to the Company and pay or transfer to the Company the consideration required under the Notice to Acquire in respect of the shares the Offeror is entitled to acquire (the “Consideration”) and the Company shall thereupon register the Offeror as the holder of those shares.

Any Consideration in the form of cash shall be paid into a separate bank account and held by the Company. The Consideration shall be held by the Company on trust for the Dissenting Shareholders.

8. Material Contracts

8.1 The following are only the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company in the two years immediately preceding the date of this document and which are, or may be, material or which have been entered into at any time by the Company and which contain any provision under which any obligation or entitlement is, or may be, material to the Company as at the date of this document:

8.1.1 The Placing Agreement, dated 2 September 2010, between the Company, the Manager and Cenkos Securities whereby Cenkos Securities has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Shares under the Placing at the Placing Price. For its services in connection with the Placing, subject to Admission, Cenkos Securities will be entitled to a commission of 1.5 per cent. of the Gross Proceeds receivable from placees and a corporate finance fee of up to £200,000.

Under the terms of the agreement, the Company and the Manager gave certain market standard warranties to Cenkos Securities which are customary for an agreement of this nature including, inter alia, to confirm the accuracy of the information contained in this document. The Company also gave Cenkos Securities a market standard indemnity for losses which Cenkos Securities may suffer as a result of it undertaking the Placing save where such losses shall have been determined by judgment of a court of competent jurisdiction to have resulted from the fraud, regulatory breach, negligence or wilful misconduct of, or breach of the agreement by, Cenkos Securities.

8.1.2 The Custodian Agreement, dated 18 November 2009, between the Company and the Custodian pursuant to which the Company appointed the Custodian to act as custodian of the Company's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Custodian or any of its sub-custodians. The Custodian Agreement may be terminated by either the Company or the Custodian giving to the other not less than 30 days' written notice. The Custodian is entitled to receive agreed safekeeping fees charged at basis points rates on the value of each holding of securities which vary dependent on the location of the market on which those securities are traded (a range of 1.0 basis points to 6.0 basis points with the exception of Malaysia (7.5 basis points), Greece (15.0 basis points), Argentina (10.0 basis points) and Croatia (60.0 basis points)) together with fixed transaction fees which similarly vary on a market by market basis (ranging from £9 to £86).

8.1.3 The Management Agreement, dated 22 June 2004 between the Company and the Manager as varied by a variation agreement dated 1 November 2007 whereby the Manager was appointed to

act as manager of the Company, to manage the investments of the Company in accordance with the investment policy and to implement the borrowing policy from time to time approved by the Directors. Under the terms of the agreement, subject to the overall supervision of the Directors, the Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in investments for the account of the Company.

The Manager is entitled to receive a management fee payable monthly in arrears from the Company in respect of the management of the Company at a rate equivalent to 1 per cent. per annum (plus VAT where applicable) of the Net Asset Value of the Company.

The Manager may, with the Board's consent, delegate the investment management function to responsible third parties but will remain liable to the Company for their acts and omissions.

The Management Agreement contains market standard provisions under which the Company exempts the Manager from all liabilities and indemnifies the Manager against all liabilities suffered by the Manager in carrying out its duties except where due to the negligence, wilful default or fraud of the Manager or any breach of any duties or liabilities under the FSMA and permits the Manager and its associates to deal with parties other than the Company.

Either party may terminate the agreement at any time on not less than 12 months' notice in writing. Termination shall be without prejudice to the completion of any transactions already initiated and shall be without any penalty or other additional payment save that the Company shall be obliged to pay the accrued contractual fees and charges due to the Manager and any expenses of the Manager in terminating the agreement.

8.1.4 The Administration Agreement, dated 22 June 2004, between the Company and the Administrator whereby the Administrator was appointed to act as administrator, secretary and registrar of the Company.

The Administrator is entitled to a fee calculated on the Net Asset Value of the Company of 0.15 per cent. per annum on the first £100 million of Net Asset Value and 0.1 per cent. per annum on any Net Asset Value in excess of £100 million payable monthly in arrears (subject to a minimum monthly fee of £5,000) and from which it may, at its discretion, pay fees to any affiliate of the Administrator to which it may have delegated any of its functions. The Administrator and any of its delegates is also entitled to reimbursement of certain expenses incurred by it in connection with their duties.

The agreement contains market standard provisions under which the Company exempts the Administrator from liability and indemnifies the Administrator against liability in the absence of negligence, fraud or wilful default for any loss, cost, expense or damage suffered by the Company in any of the following circumstances:

- (i) in connection with the duties carried out by the Administrator;
- (ii) in connection with the use of the internet or other electronic communication used for providing or receiving notices or information;
- (iii) where the Administrator acted in good faith upon a communication believed to be genuine.

Such an indemnity is market standard for an agreement of this nature.

The agreement may be terminated on not less than 90 days' notice in writing given so as to expire on the last day of any calendar month provided that termination will be immediate where:

- (i) either party breaches the terms of the Administration Agreement and such breach is incapable of remedy within 30 days; or
- (ii) either party commences liquidation proceedings.

Upon termination, the Administrator will be entitled to receive all fees accrued due to the date of termination but is not entitled to compensation in respect of such termination.

9. Litigation

The Company is not, nor has during the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings nor so far as the Company is aware, are there any governmental, legal or arbitration proceedings pending or threatened by or against it which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

10. General

- 10.1 The Placing is being carried out on behalf of the Company by Cenkos Securities who are also acting as UK Sponsor in relation to the Placing. Cenkos Securities is authorised and regulated by the FSA.
- 10.2 The Manager is or may be a promoter of the Company. Save as disclosed in paragraph 8.1.3 of this Part 6 no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and is intended to be paid or given.
- 10.3 Save as disclosed on pages 24-25 of the audited accounts of the Company for the financial year ended 30 June 2007, pages 25-26 of the audited accounts of the Company for the financial year ended 30 June 2008, pages 24-25 of the audited accounts of the Company for the financial year ended 30 June 2009 and pages 16-17 of the unaudited half-yearly financial report of the Company for the six month period ended 31 December 2010 (all of which are incorporated into this document by reference) and for the entry into the variation agreement dated 1 November 2007 in respect of the Management Agreement, the Company has not at any time during the three years to 30 June 2009 or during the period from 1 July 2009 to the date of this document entered into a transaction with a related party (as such term is defined in the International Accounting Standard (IAS) 24).
- 10.4 Cenkos Securities, Moore Stephens and the Manager have given and have not withdrawn their respective written consent to the issue of this document and the inclusion herein of their names and the references to them in the form and context in which they appear.
- 10.5 Other than as provided in the City Code and the Companies Law (as described in paragraph 7 of this Part 6), there are no rules or provisions relating to mandatory takeover bids in relation to the Placing Shares and there are no rules or provision relating to squeeze-out and/or sell-out rules relating to the Placing Shares.
- 10.6 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.7 The Company has not had any employees since its incorporation and does not own any premises.
- 10.8 The Placing Shares will be in registered form and will, on Admission, be capable of being held in certificated or uncertificated form.
- 10.9 None of the Placing Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Placing Shares to be admitted to the Official List.
- 10.10 There is no over-allotment or green-shoe facility under the Placing.
- 10.11 The Placing is not subject to a minimum amount being raised.
- 10.12 That element of the Placing Price in excess of 0.01 pence will consist of share premium.

11. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) up to and including the date of Admission.

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the written consents referred to in paragraph 10.4 of this Part 6 of this document;
- (iii) the annual reports and audited accounts for the three financial periods ended 30 June 2009 of the Company;
- (iv) the interim report and unaudited financial statements of the Company for the period from 1 July 2009 to 31 December 2009; and
- (v) this document.

In addition, copies of this document can be obtained during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document from the National Storage Mechanism (www.hemscott.com/nsm.do).

Date: 2 September 2010

DEFINITIONS

The following definitions apply in this document unless the context otherwise requires:

“Accounts”	the audited annual report and accounts of the Company for the year ended 30 June 2009
“Administration Agreement”	the agreement between the Company and the Administrator, a summary of which is set out in paragraph 8 of Part 6 of this document
“Administrator” or “Secretary”	Northern Trust International Fund Administration Services (Guernsey) Limited and its affiliates or such other person or persons from time to time appointed by the Company
“Admission”	the admission of the Shares to be issued under the Placing to the Official List and to trading on the London Stock Exchange’s main market for listed securities, becoming effective in accordance with the Listing Rules and the LSE Admission Standards
“AIC”	the Association of Investment Companies
“AIC Code”	the Code of Corporate Governance issued by the AIC
“APCIMS”	the Association of Private Client Investment Managers and Stockbrokers
“Articles of Association” or “Articles”	the articles of association of the Company
“Auditors”	the auditors from time to time of the Company
“Business Day”	a day on which the London Stock Exchange and banks in London and Guernsey are normally open for business
“C Shares”	voting convertible shares of 0.1p each in the capital of the Company, as described in paragraph 6 of Part 6 of this document
“Calculation Date”	10 September 2010
“Cenkos Securities”	Cenkos Securities plc
“certificated” or “certificated form”	not in uncertificated form
“City Code”	the City Code on Takeovers and Mergers issued and administered by the Panel
“Combined Code”	the UK Combined Code of Corporate Governance, as published by the Financial Reporting Council in June 2008
“Companies Law”	The Companies (Guernsey) Law, 2008, as amended from time to time
“Company”	Ruffer Investment Company Limited
“CREST”	the facilities and procedures for the time being of the relevant system of which CRESTCo has been approved as Operator (as defined in the Regulations) pursuant to the Regulations
“CRESTCo”	Euroclear UK & Ireland Limited
“CREST Guernsey Requirements”	Rule 8 and such other rules and requirements of CRESTCo as may be applicable to issuers as from time to time specified in the CREST Manual
“CREST Manual”	the compendium of documents entitled CREST Manual issued by CRESTCo from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms

“Custodian”	RBC Dexia Investor Services Trust
“Custodian Agreement”	the custodian agreement between the Company and the Custodian, a summary of which is set out in paragraph 8 of Part 6 of this document
“Deferred Shares”	the redeemable deferred shares of 0.01p each in the capital of the Company, as described in paragraph 6 of Part 6 of this document
“Directors” or “Board”	the directors of the Company from time to time
“Disclosure Rules and Transparency Rules”	the Disclosure Rules and Transparency Rules made by the UK Listing Authority under sections 73A and 89A to 89G of the FSMA
“EEA States”	in accordance with paragraph 8 of Schedule 3 to the Financial Services and Markets Act 2000 a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being; as at 1 May 2004, the following are the EEA States: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, and the United Kingdom
“Financial Services Authority” or “FSA”	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List and otherwise than in accordance with Part VI of FSMA
“FSMA”	the Financial Services and Markets Act 2000 of England and Wales, as amended
“Gross Proceeds”	the aggregate value of the Shares issued under the Placing (taken at the Placing Price)
“Investment Company Act”	the US Investment Company Act of 1940
“ISA”	individual savings account
“Listing Rules”	the listing rules made by the Financial Services Authority under section 73A of the Financial Services and Markets Act 2000
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“LSE Admission Standards”	the Admission and Disclosure Standards of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities, and continuing requirements for, securities admitted to the Official List
“Management Agreement”	the management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 8 of Part 6 of this document
“Management Shares”	non-participating shares of £1.00 each in the capital of the Company designated as management shares, as described in paragraph 6 of Part 6 of this document
“Manager” or “Ruffer”	Ruffer LLP
“Net Asset Value” or “NAV”	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time or, as the context requires, the net asset value per Share calculated in accordance with the Company’s accounting policy

“Net Asset Value per Share”	the Net Asset Value divided by the number of Shares in issue
“Net Proceeds”	the gross proceeds of the Placing less the costs and expenses of the Placing
“Nominal Shares”	non-participating shares of 0.01 pence each in the capital of the Company, as described in paragraph 6 of Part 6 of this document
“Official List”	the official list of the Financial Services Authority maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the placing of Shares by Cenkos Securities pursuant to the terms of the Placing Agreement as described in this document
“Placing Agreement”	the conditional agreement between the Company, the Manager and Cenkos Securities, a summary of which is set out in paragraph 8 of Part 6 of this document
“Placing Price”	the price of each Placing Share which will be calculated as 2 per cent. above the Net Asset Value as at the Calculation Date
“Placing Shares”	the Shares, of up to an aggregate value of £50 million, to be issued pursuant to the Placing
“Pounds Sterling” or “£” or “Sterling”	the lawful currency of the United Kingdom
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority under section 73A of the Financial Services and Markets Act 2000
“Receiving Agent”	Computershare Investor Services PLC
“Redemption Date”	if the Directors at their sole discretion decide to operate the Redemption Facility, such date as may be nominated by the Board being such date as may be nominated by the Board in November
“Redemption Facility”	the facility allowing Shareholders to redeem their Shares which will be operated by the Directors at their sole discretion as further described under the heading “Redemption Facility” in Part 1 of this document
“Registrar”	Northern Trust International Fund Administration Services (Guernsey) Limited, or such other person or persons from time to time appointed by the Company
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755)
“Regulatory Information Service”	a regulatory information service that is approved by the FSA and that is on the list of regulatory information service providers maintained by the FSA
“Relevant Market”	a market specified in, or established under the rules of an exchange specified in, Parts II to IV of Schedule 3 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as may be amended from time to time) and such other financial markets as may be specifically agreed from time to time between the Board and the Manager
“Risk Factors”	the risk factors pertaining to the Company set out in this document
“SSAS” or “Small Self Administered Scheme”	a small self administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 (SI 1991/1614)
“Shareholder”	a holder of Shares in the Company

“Shares”	redeemable participating preference shares of 0.01 pence each in the capital of the Company, as described in paragraph 6 of Part 6 of this document
“SIPP” or “Self Invested Personal Pension Scheme”	a self-invested personal pension scheme as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
“Takeovers Directive”	the Directive on Takeover Bids (2004/25/EC)
“Taxes Act”	the Income and Corporation Taxes Act 1988, as amended
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code as published by the Financial Reporting Council in June 2010 (as amended from time to time)
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for listing in the United Kingdom pursuant to Part VI of the Financial Services and Markets Act 2000
“uncertificated form” or “in “uncertificated form”	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
"United States", "USA" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Dollar” or “US\$”	the lawful currency of the United States
“Valuation Point”	being the time at which the Net Asset Value of the Company is calculated under the Administration Agreement generally being the close of business on the last business day of each week or such other time as the Directors may, from time to time, determine

