

# CF Ruffer Equity & General Fund

An actively-managed fund emphasising absolute growth with diversity of risk

During the month the fund's O accumulation shares increased by 2.4%. This compared with a rise of 4.7% in the FTSE All-Share Total Return Index.

'If you are not confused, you probably do not understand'. It is not the first time we have quoted Mr Munger. It is not supposed to be easy but it is clearly not. While financial markets are roaring back to their highs, the real world is struggling to grow. The environment for industrial companies is terrible and it is not just the low price of oil that is causing problems. European quantitative easing has exacerbated the current global deflationary environment by weakening the euro. The stronger dollar is already hitting the S&P 500 earnings and it is a clear negative for emerging markets. Maybe slightly higher interest rates in the US will not matter much to markets but this is just a manifestation of the problem – very low interest rates have distorted the value of money for so long that the financial system has become vulnerable to instability. The trigger could be almost anything, the authorities have little ammunition and it is likely that much lower asset prices or at best 'volatility' will test us in the next few years.

In particular the model of the traditional 'balanced' funds, which for many years have used equities and bonds to reduce their risk, is likely to disappoint – bonds are super expensive and the most traditionally safe assets are also dear. What do we do? While we are doing the best we can, this is not going to be an easy environment and the odds are high that we will lose money. Our model focuses on the deep and intense understanding of businesses and on using a layer of protective filters to avoid loss of capital. We risk adjust our positions; the more mispriced and the safer the stock, the higher our shareholding. Liquidity matters, the value of an illiquid stock has to be adjusted accordingly. Our cash management is key to our process – cash is our protection and ammunition in falling markets. We also use put options on indices which we tend to buy opportunistically when they are not expensive. Most importantly we seek value in our stock selection. For example, this year growth stocks have become very popular; in a world of low growth the ones that manage to exhibit strong top line growth have been rewarded and their share prices keep rising despite high valuations. We have never owned Amazon because we cannot value it and we have been reducing Google because our margin of safety is declining by the day. Since most of the good businesses are currently offered at high prices, the challenge for the value investor is to avoid value traps, ie businesses where time is not with them, the structurally challenged cases. During the last year the best we very often did was what we did not do – we avoided many 'cheap' mistakes.

Many of our large positions involve special situations but most recently we have gone more mainstream and initiated a position in Exxon, one of the main operators in this out of favour sector which could benefit from the low oil price. At the current spot price of oil Exxon does not screen cheap but looking a few years ahead, it has potential to be much more valuable. We expect M&A in this sector and this is a company which could use its shares for acquisitions.

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Equity & General Fund is not registered for distribution in any country other than the UK.



October 2015 Issue 155

## Investment objective

The fund aims to provide capital growth by investing in a diversified global portfolio of predominantly equities. The fund is actively managed, and is not constrained by any requirement to track indices or conform to investment fashion.

## Performance since launch on 1 December 1999



Performance %	October 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.4	1.9	2.3	27.8	45.8	95.8

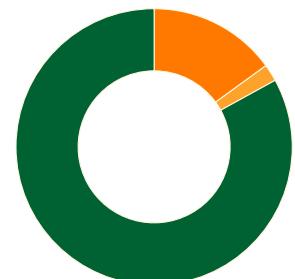
Percentage growth (O acc)	%	Share price as at 30 October 2015	p
30 Sep 2014 – 30 Sep 2015	-0.4	378.24	
30 Sep 2013 – 30 Sep 2014	4.3	350.95	
30 Sep 2012 – 30 Sep 2013	19.4	381.92	
30 Sep 2011 – 30 Sep 2012	8.7	352.52	
30 Sep 2010 – 30 Sep 2011	6.5		
C income			

Source: Ruffer LLP

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

# CF Ruffer Equity & General Fund as at 30 October 2015

## Portfolio structure



## 10 largest of 99 equity holdings

Stock	% of fund	Stock	% of fund
Leucadia National	3.5	Hornby	2.5
Science Group	2.9	Groupe Bruxelles Lambert	1.8
Precision Castparts	2.7	Guinness Peat	1.7
Runge	2.6	Waterman	1.6
HRG Group	2.5	Continental Building Products	1.6

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

Fund size £202.7m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.58	1.26
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.06
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward to 10am Wednesday, based on NAV Plus forward from 10am on last Wednesday of the month to last business day of the month	
	O class	C class
ISIN	GB0009346718 (acc) GB0009340802 (inc)	GB00B7VZQV57 (acc) GB00B6Y8PL75 (inc)
SEDOL	0934671 (acc) 0934080 (inc)	B7VZQV5 (acc) B6Y8PL7 (inc)
Investment adviser	Ruffer LLP	
ACD	Capita Financial Managers Limited	
Depository	BNY Mellon Trust & Depositary (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

\*Refers to accumulation shares

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## Fund Manager

### Alex Grispos

#### INVESTMENT DIRECTOR



Graduated from Imperial College with a First Class degree in Mechanical Engineering, started in equity research in 1998 at Alpha Trust in Greece, then worked in venture capital for six years. Joined Top Technology Ventures in the UK, and subsequently became Investment Manager with RTF based in London and St. Petersburg, Russia. Joined Ruffer in 2005 and is manager of the CF Ruffer Equity and General Fund.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.3bn was managed in open-ended Ruffer funds.

## Dealing line

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Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.  
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