

# CF Ruffer Equity & General Fund

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



December 2015 Issue 157

During the month the fund's O accumulation shares decreased by 1.4%. This compared with a fall of 1.3% in the FTSE All-Share Total Return Index.

During 2015 the CF Ruffer Equity & General fund (REG) rose by 0.1%, while the FTSE All-Share Total Return Index 1.0%. The last year was the most challenging since I started managing REG in late 2007. Many expensive stocks became more expensive as 'perceived safety' was rewarded (mainly solid business models which have 'consistently' shown growth). Value was not appreciated as many seemingly undervalued stocks became significantly cheaper.

Over time, REG's equity selection has focused on numerous special situations and restructurings where the management is a significant shareholder and is making a difference. In addition, REG's equities have involved sector 'bets'. We have invested in sectors of the market which were not popular. As commodities and more cyclical companies were out of favour in 2014, we looked into and initiated positions in this sector. The more challenging performance of REG during the last year mainly relates to the fact that the price of commodities has continued to decline and the share prices of many cyclical companies have continued to fall.

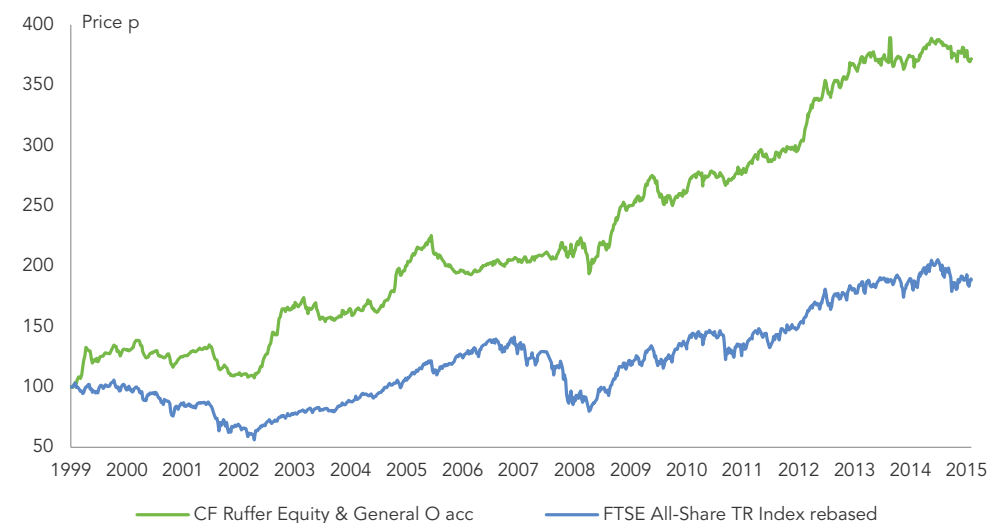
Due to the fact that the out of favour cyclical sectors have been under continuous pressure, the share prices of a few of our top holdings declined in 2015. We aim to protect the portfolio and try hard not to lose money; this has manifested itself via a high cash balance (c 30% during the last year) and the cost of put options on various indices (they are an expense during positive or flat years for markets). The combination of the above two factors shows that many of our smaller, higher but asymmetric risk, positions did particularly well (mainly UK small caps) for the total performance to be flat in 2015. In December 2013 we noted that future returns would be much harder to achieve and while we aspire to do much better than we did in 2015, the past year was fundamentally hard and the outcome could have been much worse. 2015 was a year when our balanced model of managing money via risk-adjusting our diversified equity portfolio and our cash levels while trying to avoid losses, was tested but did not fail.

During the period we have managed REG (from the beginning of 2008 to the end of 2015) the return has been 80.5% vs 39.7% for the FTSE All-Share Total Return. The result over the cycle has been a portfolio with relatively low volatility and no annual losses. More recently, we have been identifying value in riskier businesses, hence REG's volatility has somewhat increased; and while we try hard first and foremost to preserve our capital, it is almost certain that we will lose money at some point in time. In addition, as long as most credit related securities remain expensive, we will continue to avoid them. Thus, our balanced approach means that REG should be seen as a vehicle to invest in global equities via a conservative but opportunistic, value-based long term approach. In my view, the current intrinsic value of our portfolio is higher than its market price.

## 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 %	December 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.4	0.1	0.1	22.4	36.1	79.8

Percentage growth (O acc)	%	Share price as at 31 December 2015	p
31 Dec 2014 – 31 Dec 2015	0.1	O accumulation	371.70
31 Dec 2013 – 31 Dec 2014	1.0	O income	344.87
31 Dec 2012 – 31 Dec 2013	21.1	C accumulation	375.52
31 Dec 2011 – 31 Dec 2012	7.4	C income	346.34
31 Dec 2010 – 31 Dec 2011	3.5		

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.

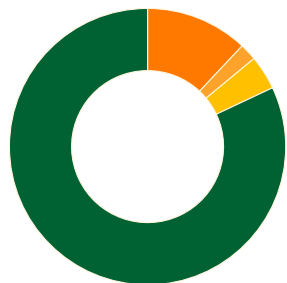
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Equity & General Fund is not registered for distribution in any country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

# CF Ruffer Equity & General Fund as at 31 December 2015

## Portfolio structure



Asset allocation	%		%
• Cash	30	• North America	32
• Gold and gold equities	1	• UK equities	23
• Option	1	• Europe equities	7
		• Australasia equities	3
		• Japan equities	2
		• Illiquid strategies	1



Currency allocation	%
• Sterling	82
• US dollar	12
• Yen	2
• Other	4

## 10 largest of 92 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	3.0	Groupe Bruxelles Lambert	2.2
Hornby	2.9	Precision Castparts	2.1
Runge	2.9	Coats Group	1.7
Continental Building Products	2.2	ExxonMobil	1.7
HRG Group	2.2	Royal Bank of Scotland	1.5

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.

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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 £189.0m

## 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 & Depository (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 December 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.3bn was managed in open-ended Ruffer funds.

## Dealing line

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