

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 decreased by 1.4%. This compared with a rise of 0.8% in the FTSE All-Share Total Return Index.

February was a difficult month for REG. Hornby, one of our largest positions, issued a profit warning and our performance was negatively affected by almost 2%. This has been an unusual development for REG and hence I would like to go through it in this note. We have followed the toy industry for years and have historically made money in the sector. We started looking into Hornby approximately ten years ago but avoided the stock until 2012 after the new Chairman joined the Board. We have always believed in the power Hornby's brands in the UK and thought that under capable management, the business was likely to revert to better margins and produce strong cash flow; in contrast the stock was priced for no progress of the business. A new CEO was subsequently hired and implemented a plan of many positive changes such as installing a new IT system and restructuring the supply chain – in sum, effectively streamlining Hornby's operations. The Achilles heel of his tenure was the focus on growth. While the business was going through a significant restructuring effort, the management was also chasing higher sales – a target that was too ambitious for this iconic but inherently low growth business. Thus, as the high sales targets were not achieved, the recent investments in new infrastructure exacerbated the negative operational gearing. Market sentiment turned sharply negative against the new CEO, resulting in the shares crashing until he left the company and the Chairman returned to the leadership of Hornby's day to day management. The market isn't giving Hornby the benefit of the doubt – this is a company that is trading at a market capitalisation of c £20 million with approximately £60 million of revenues. The power of its brands is undoubtedly strong but the investment case is now totally dependent on management acumen; solid management skills, with a focus on execution to drive profitability and cash flow, will make a big difference to Hornby's shareholders and vice versa.

During the last few months the underperformance of value stocks has reached an extreme, almost similar to 1999 at the top of the tech boom. During this cycle, high quality businesses with relatively stable cash flows keep becoming more expensive. We focus on mispriced stocks (in companies large or small). The shares of Science Group and Runge, both special situations and two of our largest positions, have declined this year despite the significant progress of the underlying businesses. Science's shares trade at a single digit multiple to the cash flow of the core business, excluding the value of property and cash on the balance sheet. Similarly Runge, currently a small software company but may become a much larger one over time, sees its shares offered at approximately ten times this year's expected earnings.

Having the 'capacity to suffer' is an important part of our investment process, clearly easy to talk about but very hard to patiently go through. Eventually value always works – who would have thought a few months ago that Glencore would be our best performing stock this year? Our estimation of the current intrinsic value of the portfolio is significantly higher than its market price. This fund continues to be my principal personal investment and I have added to this stake during the month.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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.

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 %	February 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.4	-5.1	-7.4	5.8	27.8	63.4

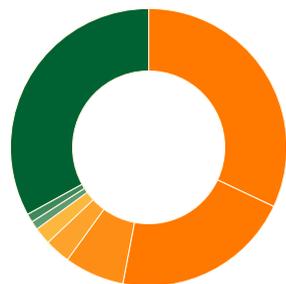
Percentage growth (O acc)	%	Share price as at 29 February 2016	p
31 Dec 2014 – 31 Dec 2015	0.1	O accumulation	352.58
31 Dec 2013 – 31 Dec 2014	1.0	O income	327.12
31 Dec 2012 – 31 Dec 2013	21.1	C accumulation	356.38
31 Dec 2011 – 31 Dec 2012	7.4	C income	328.69
31 Dec 2010 – 31 Dec 2011	3.5		

Source: Ruffer LLP

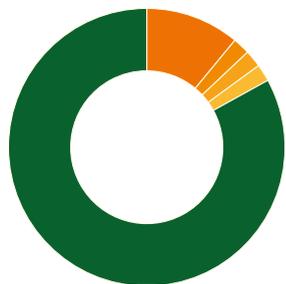
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Equity & General Fund as at 29 February 2016

Portfolio structure



Asset allocation	%		%
• Cash	33	• North America	32
• Gold and gold equities	1	• UK equities	21
• Illiquid strategies	1	• Europe equities	7
		• Australasia	3
		• Japan equities	2



Currency allocation	%
• Sterling	83
• US dollar	11
• Yen	2
• Euro	2
• Swiss franc	2

10 largest of 90 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	3.0	Coats Group	1.8
Runge	2.7	Thomson-Reuters	1.7
HRG Group	2.2	Continental Building Products	1.6
Groupe Bruxelles Lambert	2.1	Leucadia National	1.5
Exxon Mobil	2.0	Balfour Beatty	1.5

Source: Ruffer LLP

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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 £178.4m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.28
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.07
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 29 February 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.2bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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