

# 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 0.3%. This compared with a rise of 0.7% in the FTSE All-Share Total Return Index.

We recently spent time in the US meeting companies. The American economy has been growing steadily and consistently since the end of the financial crisis, albeit not at a spectacular rate; the consumer is doing fine while the industrial world is more challenged. The effect of almost zero interest rates for so long has inflated asset prices and it is very hard to find significantly undervalued securities, in particular among the larger capitalisation stocks.

We, consistent with our history, seek value, ie we own stocks which are characterised by asymmetric risk: currently this means fewer large companies and more focus on special situations. Whereas during the financial crisis and until 2013 our portfolio mainly consisted of household brands, such as Kraft, Johnson & Johnson, Wal-Mart, Philip Morris International, since 2013 we have owned very few of these and in 2016 our larger holdings have only included Exxon and Novartis, among the more well-known mega caps. As the oil price has strengthened and the stock has done very well this year, we took profits in the former, while we added somewhat to our holding in Novartis. We recently attended its investor day in Basel where we had the opportunity to meet the top management of Alcon, Sandoz and the core pharma business. We believe Mike Ball, the new CEO of Alcon (and former head of Hospira), will turn around this currently 'wounded', but fundamentally solid, franchise. While we would not be surprised if Novartis is involved in M&A (at zero or even negative interest rates it is very tempting for cash generative businesses to build their business by acquisitions), we believe that the Chairman, J Reinhardt, who we have followed for a long time, is a key solid pillar for financial discipline.

Moving on to the current core of REG, ie special situations, we recently added to our position in Swallowfield. We first invested approximately two years ago, after Chris How, an experienced manager in consumer goods with history in PZ Cussons and Colgate Palmolive, became CEO. This has been a restructuring case of a low margin, contract manufacturer which had been through a period of multiple disappointments. The new management has built shareholder value: it stabilised the business, enhanced margins, and hence profitability, and has gradually built the foundations to add branded goods to its portfolio. Most recently, it has raised capital to make an acquisition of high margin consumer brands. We participated in the placing, backing the management's consistent strategy. Assuming continuous solid execution, Swallowfield's management team aspires to becoming a much larger business in the long term.

Despite any short term challenges and volatility in share price, intangible value has become more critical for future compounding. We continue to put particular emphasis on the 'jockey' and believe great CEOs who have significant stakes in their firms will make a difference in the long term. We admire their intensity and back historically capable money makers such as Martyn Ratcliffe at Science Group, Richard Mathews at Runge, Rich Handler at Leucadia, Jamie Dimon at JPMorgan and Chris How at Swallowfield.

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.

## 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 %	May 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.3	-1.9	-5.8	4.3	31.8	73.9

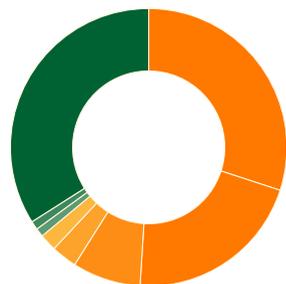
Percentage growth (O acc)	%	Share price as at 31 May 2016	p
31 Mar 2015 – 31 Mar 2016	-5.5	<b>O accumulation</b>	<b>364.55</b>
31 Mar 2014 – 31 Mar 2015	2.2	<b>O income</b>	<b>338.26</b>
31 Mar 2013 – 31 Mar 2014	10.8	<b>C accumulation</b>	<b>368.74</b>
31 Mar 2012 – 31 Mar 2013	14.8	<b>C income</b>	<b>340.10</b>
31 Mar 2011 – 31 Mar 2012	7.3		

Source: Ruffer LLP

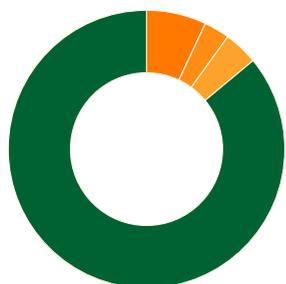
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Equity & General Fund as at 31 May 2016

## Portfolio structure



Asset allocation	%		%
• Cash	34	• North America	30
• Illiquid strategies	1	• UK equities	21
• Options	1	• Europe equities	8
		• Japan equities	3
		• Australasia	2



Currency allocation	%
• Sterling	86
• US dollar	7
• Yen	3
• Other	4

## 10 largest of 79 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	3.7	ExxonMobil	1.6
Runge	2.6	Castings	1.6
Novartis	2.2	Continental Building Products	1.6
Groupe Bruxelles Lambert	2.2	Leucadia National	1.6
Microgen	1.6	Balfour Beatty	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 **£164.0m**

## 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	0.06
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 May 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.5bn was managed in open-ended Ruffer funds.

## Dealing line

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