

CF Ruffer Equity & General Fund

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



July 2016 Issue 164

During the month, the fund's O accumulation shares increased by 5.2%. This compared with a rise of 4.0% in the FTSE All-Share Total Return Index.

The importance of the financial world to the real economy has never been higher. The authorities' fear is that if asset prices go through a correction, the real economy will be quickly and materially affected. Thus, central banks are very sensitive to always intervene and not let markets find a more natural equilibrium. The reaction after Brexit has been a clear manifestation of this: the expensive bonds (and their quality equity bond proxies) have become even more expensive and equity markets have also been strong, thus benefiting the 'traditional' balanced funds. Our cautious views on equity markets via: a) instruments that provide insurance on falling equities, and b) our high cash balance, have been a drag on performance.

Even though we believe that the current environment is fragile and probably unsustainable, it has been a challenge for us: our protection is unlikely to kick in during short market drops, nor does it give us sufficient opportunity to use our cash ammunition (this has happened a few times since 2014). It is when the markets decline over a period of time (eg 2008/9 and 2011) that we can find opportunities to gradually deploy our cash that will deliver the greatest potential returns.

We remain intensely focused on our valuation discipline. We have always found investment opportunities in two main categories: out of favour sectors and special situations. More recently, as markets have kept going higher, the former have been less interesting and hence we have been mostly involved with special situations. We put particular emphasis on the 'jockey' and believe CEOs who have significant stakes in their firms will make a difference in the long term. An example has been Martyn Ratcliffe at Science Group (SAG), a CEO who combines operational acumen with focus on capital allocation. SAG is an exporter with >70% of its revenues outside of the UK and so benefits from sterling weakness. It has significant property value and net cash and is currently offered at 6x operating earnings and has been an opportunistic buyer of its shares.

Managers should be judged not only by the performance of the business during their tenure but also on the outcome after they leave. We have made money investing in Microgen, which comprises two very different operating companies: Aptitude, an innovative software application which targets high volumes of complex transactions (eg in the telecoms industry), and Financial Systems, a consolidator of IT systems in the wealth management sector. Mr Ratcliffe was instrumental in building Microgen in its current structure. After many years as CEO, his decision to retire early in 2016 occurred at a time of strength, with the operating managers now leading the business and consistently exhibiting solid results.

During the last few months we have taken profits in Exxon. Exxon's competitive advantage has increased with the lower oil price and the stock also benefited from its 'bond-like' characteristics. We have therefore reduced our shareholding in Exxon and have initiated a position in Imperial Oil – 'Exxon in Canada'. Imperial has long term reserves, its management is focused on improving its break even levels and as it has been at the end of its recent capex spending, it is likely to exhibit significant cash flow with higher oil price.

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 %	July 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	5.2	1.4	-1.2	6.7	38.4	84.6

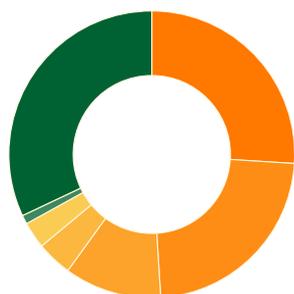
Percentage growth (O acc)	%	Share price as at 29 July 2016	p
30 Jun 2015 – 30 Jun 2016	-6.4	O accumulation	376.93
30 Jun 2014 – 30 Jun 2015	3.4	O income	349.75
30 Jun 2013 – 30 Jun 2014	7.8	C accumulation	381.44
30 Jun 2012 – 30 Jun 2013	17.8	C income	351.82
30 Jun 2011 – 30 Jun 2012	5.7		

Source: Ruffer LLP

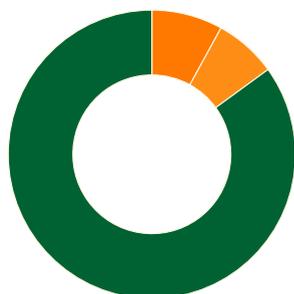
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Equity & General Fund as at 29 July 2016

Portfolio structure



Asset allocation	%		%
• Cash	32	• North America	26
• Illiquid strategies	1	• UK equities	23
		• Europe equities	11
		• Australasia	4
		• Japan equities	3



Currency allocation	%
• Sterling	85
• US dollar	8
• Other	7

10 largest of 83 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	4.5	Mccoll's Retail Group	1.7
Runge	4.4	Leucadia National	1.7
Groupe Bruxelles Lambert	2.4	Continental Building Products	1.6
Microgen	2.1	Hornby	1.6
Novartis	2.0	Castings	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.

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 **£164.5m**

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

Enquiries

Ruffer LLP	+44 (0)20 7963 8254
80 Victoria Street	rif@ruffer.co.uk
London	
SW1E 5JL	www.ruffer.co.uk

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 July 2016, assets managed by the Ruffer Group exceeded £19.2bn, of which over £10.6bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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