

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 1.1%. This compared with a rise of 1.9% in the FTSE All-Share Total Return Index.

The summer allows time for thought: reflecting on global asset prices, I conclude bond prices are trading at almost surreal levels. Nevertheless, as time passes and the effect of this extreme does not cause any major change, the 'surreal' is accepted and can become the norm. History shows most bubbles develop in this manner – at some point change occurs, often prices adjust abruptly and aggressively.

Central banks have been instrumental in the evolution of bond prices to such extremes. Quantitative easing (QE) was rightly used in 2009-10 to resuscitate the system when it was going through a cardiac arrest; since then QE has become the 'easy' tool to use whenever somewhat bad news appears on the horizon. The most recent action of the Bank of England after Brexit, complements the Bank of Japan, the European Central Bank and most critically the Federal Reserve. The fixation to the Fed may seem extreme, but its impact has been absolutely pivotal to marketable securities. As noted by The Economist, a recent paper entitled 'Stock returns over the FOMC Cycle' by Cieslak, Morse and Vissing-Jorgensen, illustrates the importance of the Fed to the market. It concludes that, since 1994, all the gains in the stock market have occurred, on average, in the weeks of the Federal Open Market Committee meetings and the ones involving the governors alone. A dollar invested only during those weeks would have grown more than twelve-fold over the period. A dollar invested during other weeks would have lost half its value.

The current environment is challenging for us. The importance of the financial world to the real economy has probably never been higher and the value of money is distorted. We remain committed to our valuation discipline. As markets have continued to rise, we have focused on special situations where we can identify mispricing. For example, Science Group is an exporter with greater than 70% of its revenues outside the UK; it has significant property value and net cash and is currently offered at c 6x operating earnings. Furthermore, we recently participated in the capital increase of McColl's, the group of convenience stores, which is buying almost 300 new stores from The Co-op. McColl's has a dividend yield of c 6% which is well covered by its cash flow. We invested a few years ago in GPG, the investment trust trading in New Zealand, after it decided to liquidate. The remaining shareholding of the trust is Coats, which is now trading as an independent company and aims to resolve its historical pension issues to unlock shareholder value. Another 'sum of the parts' case has been Leucadia, the financial conglomerate trading below its tangible book value. Its management could become active in unlocking value, particularly now that the profitability of its beef processing subsidiary is recovering. Finally, we recently invested in Balfour Beatty backing the new CEO, Leo Quinn, after he made us money in QinetiQ a few years ago. He is doing it again, turning around the engineering group while the sirens of infrastructure spending in the US and the UK are a tailwind to our long term investment case. The current market isn't offering many bargains, so our intense focus on value now means more special situations and somewhat more volatile returns.

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 %	August 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.1	2.5	1.1	9.3	40.0	90.9

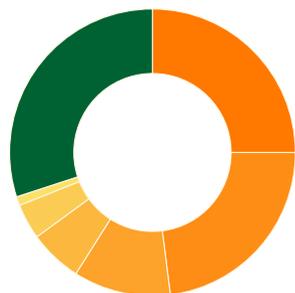
Percentage growth (O acc)	%	Share price as at 31 August 2016	p
30 Jun 2015 – 30 Jun 2016	-6.4	O accumulation	381.13
30 Jun 2014 – 30 Jun 2015	3.4	O income	353.65
30 Jun 2013 – 30 Jun 2014	7.8	C accumulation	385.81
30 Jun 2012 – 30 Jun 2013	17.8	C income	355.85
30 Jun 2011 – 30 Jun 2012	5.7		

Source: Ruffer LLP, FTSE International (FTSE)

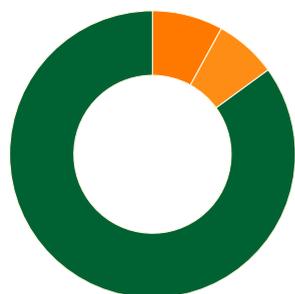
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Equity & General Fund as at 31 August 2016

Portfolio structure



Asset allocation	%		%
• Cash	30	• North America	25
• Illiquid strategies	1	• UK equities	23
		• Europe equities	11
		• Japan equities	6
		• Australasia	4



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

10 largest of 85 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	4.7	Novartis	1.9
Runge	4.2	Balfour Beatty	1.8
Imperial Oil	2.5	McColl's Retail Group	1.8
Groupe Bruxelles Lambert	2.1	Leucadia National	1.6
Microgen	1.9	Hornby	1.6

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 **£166.0m**

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

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 August 2016, assets managed by the Ruffer Group exceeded £20.0bn, of which over £10.9bn was managed in open-ended Ruffer funds.

Dealing line

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