

# 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 1.2%. This compared with a fall of 1.6% in the FTSE All-Share Total Return Index.

Before the US election, cyclical stocks were attractive (in particular versus expensive bond-like equities) but they lacked support from the macro. Trump's plans to invest in infrastructure and his seemingly pro-business promises have given the markets a higher growth narrative. The outcome of the US Presidential election has given support to the cyclical stocks whereas prices in government bonds have corrected.

Reflecting on the last few years, markets have clearly travelled a long way from the first quarter of 2009 and currently valuations of global equities on average offer little cushion. During the last few months we have felt that we are gradually entering a new 'chapter' after eight years of an almost continuous plot. Changes in geopolitics are likely to be critical to investment outcomes in the next few years.

Energy has been out of favour and we expect quality assets to be valuable in a period of enhanced geopolitical tensions. We recently allocated capital to Phillips 66 (PSX), a diverse portfolio of energy assets (refining, pipelines, chemicals) in the US, a play on stronger GDP with gradually higher oil price. It will benefit from softer regulation of the US energy sector, and the high probability of fiscal stimulus after the election of Trump.

We have had a long history with ConocoPhillips, the integrated oil major. Our long standing investors may recall that we had invested in 2009 after its shares had collapsed during the financial crisis. We had met the then CEO Mulva, who was planning to retire and was aiming to build shareholder value by selling assets and buying back its stock. Subsequently the business was split in 2012. PSX is the refining and chemicals part (ie excluding the upstream). We are impressed by PSX's management who have been instrumental in gradually transforming the business: Phillips 66 is using its cash flow in refining to enhance its long term earnings power via the more GDP sensitive investments in chemicals and infrastructure. These are better franchises than refining in the long term and make PSX more sensitive to the price of oil. Clearly this is a high risk proposition that is still in investment phase. Free cash flow is currently minimal and the stock will do badly in a global recession; however if growth increases in the next few years, while the price of oil gradually rises, PSX offers an interesting risk-reward profile.

Our recent investment in PSX complements our shareholding in Imperial Oil (IMO). As shown in the last results, IMO's management has succeeded in cutting costs and reducing its cash break even. While oil sands are perceived to be high cost operators, their efficiency has significantly increased and, following completion of a heavy capex programme, Imperial produces positive cash flow at an oil price of c \$40/barrel WTI. Furthermore, following the new administration in the US, Imperial is likely to benefit from the potential approval of the Keystone pipeline. IMO is characterised by a fine balance sheet, the engineering excellence of Exxon and long life assets in Canada. It is more sensitive to the price of oil than PSX; these two unique franchises are a complement to our energy portfolio.

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 %         | November 2016 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|---------------|--------------|--------|---------|---------|----------|
| O accumulation shares | 1.2           | 5.3          | 3.8    | 6.8     | 41.2    | 99.8     |

| Percentage growth (O acc) | %    | Share price as at 30 November 2016 | p      |
|---------------------------|------|------------------------------------|--------|
| 30 Sep 2015 – 30 Sep 2016 | 3.9  | O accumulation                     | 391.43 |
| 30 Sep 2014 – 30 Sep 2015 | -0.4 | O income                           | 363.21 |
| 30 Sep 2013 – 30 Sep 2014 | 4.3  | C accumulation                     | 396.53 |
| 30 Sep 2012 – 30 Sep 2013 | 19.4 | C income                           | 365.74 |
| 30 Sep 2011 – 30 Sep 2012 | 8.7  |                                    |        |

Source: Ruffer LLP, FTSE International (FTSE)

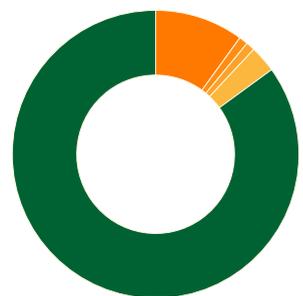
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Equity & General Fund as at 30 November 2016

## Portfolio structure



| Asset allocation      | %  |                   | %  |
|-----------------------|----|-------------------|----|
| ● Cash                | 30 | ● North America   | 27 |
| ● Illiquid strategies | 1  | ● UK equities     | 21 |
|                       |    | ● Europe equities | 11 |
|                       |    | ● Australasia     | 5  |
|                       |    | ● Japan equities  | 5  |



| Currency allocation | %  |
|---------------------|----|
| ● Sterling          | 85 |
| ● US dollar         | 10 |
| ● Euro              | 1  |
| ● Canadian dollar   | 1  |
| ● Other             | 3  |

## 10 largest of 87 equity holdings

| Stock                    | % of fund | Stock             | % of fund |
|--------------------------|-----------|-------------------|-----------|
| Runge                    | 5.1       | Lennar            | 1.9       |
| Science Group            | 4.9       | Leucadia National | 1.9       |
| Novartis                 | 2.2       | Microgen          | 1.8       |
| Groupe Bruxelles Lambert | 1.9       | JPMorgan          | 1.7       |
| Imperial Oil             | 1.9       | Hornby            | 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 **£161.9m**

## 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                                                                                                                                      | 0.00                                     |
| 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<br>Plus forward from 10am on last Wednesday of the month to last business day of the month |                                          |
|                          | O class                                                                                                                                   | C class                                  |
| ISIN                     | GB0009346718 (acc)<br>GB0009340802 (inc)                                                                                                  | GB00B7VZQV57 (acc)<br>GB00B6Y8PL75 (inc) |
| SEDOL                    | 0934671 (acc)<br>0934080 (inc)                                                                                                            | B7VZQV5 (acc)<br>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 30 November 2016, assets managed by the Ruffer Group exceeded £20.3bn, of which over £11.2bn was managed in open-ended Ruffer funds.

## Dealing line

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