

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 2.4%. This compared with a rise of 5.0% in the FTSE All-Share Total Return Index. For the calendar year to 31 December 2016 these figures were 7.8% and 16.8% respectively. Since the current manager was appointed in 2007 the return has been 94.6% versus 63.1% for the FTSE All-Share.

Our approach to risk management has remained constant: the fund is structured as a triangle, at the top we own a small number of larger positions which we consider to be the most mispriced and towards the bottom we have many smaller holdings, which are characterised by higher risk. In essence, we are 'trading' some of the fund's upside for a greater margin of safety in down markets. In 2016 most of our stock picks did well, which helped us to deliver a decent return despite a c30% cash balance (our protection against and ammunition in falling markets) and our c4% aggregate hedging loss in put options in various indices and our high exposure to sterling. As our history shows, we try not to lose and aim to make money gradually. While we have not had a down year since 2007, it is almost inevitable that at some point we will.

2016 was not an easy year; the S&P 500 kept setting new records in jumping from stress to calm as investors 'bought the dip'. This helped the market set all-time records since 1928 in terms of trading in a narrow range. After Brexit, the US elections etc, volatility kept falling quickly, thus our put options did not work. We spent more on premiums in 2016 than any year since 2007 (this was the maximum amount we would spend per annum). It is easy to be negative on hedging but markets are vulnerable to a severe decline after moving such a long way and travelling with less protection and this would be against our conservative nature. Put options were helpful in 2008 and 2011 and are an essential part of our safety net. We did not gain much from the collapse of sterling. Before Brexit at c1.4 to the dollar, sterling did not seem expensive and, as we have always been reluctant to take speculative bets on currencies, we hedged back at 85-90% to our base currency and thus did not benefit significantly from the ownership of international stocks.

Whilst most businesses are not currently offered at bargain prices, intangible value has become even more critical for future compounding. We expect higher market volatility in the next few years and management strength is an important theme to our portfolio. We are putting even higher emphasis on the 'jockey' and believe strong CEOs who have significant stakes in their firms will keep making the difference in the long term. We admire the intensity and back the money makers Martyn Ratcliffe at Science Group, Richard Matthews at Runge, Rich Handler at Leucadia, Leo Quinn at Balfour Beatty, and Jamie Dimon at JPMorgan.

As bonds are increasingly vulnerable (as evidenced in the last few months), stock markets have moved to worryingly high levels and cash is more valuable, our portfolio structure is increasingly appealing. We aim to be consistent about what we try to achieve in REG. Your manager has his pension in the fund and this is exactly how we think about it - long term. REG should be seen as a vehicle to invest in global equities via a conservatively balanced, opportunistic, value-based approach.

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 %	December 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.4	7.8	7.8	9.0	41.8	105.9

Percentage growth (O acc)	%	Share price as at 30 December 2016	p
31 Dec 2015 – 31 Dec 2016	7.8	O accumulation	400.78
31 Dec 2014 – 31 Dec 2015	0.1	O income	371.88
31 Dec 2013 – 31 Dec 2014	1.0	C accumulation	406.10
31 Dec 2012 – 31 Dec 2013	21.1	C income	374.57
31 Dec 2011 – 31 Dec 2012	7.4		

Source: Ruffer LLP, FTSE International (FTSE)

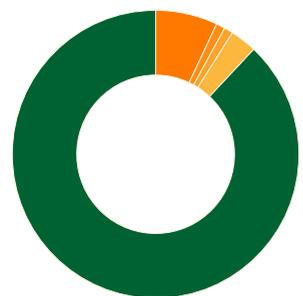
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Equity & General Fund as at 30 December 2016

Portfolio structure



Asset allocation	%		%
● Cash	32	● North America equities	27
● Illiquid strategies	1	● UK equities	20
		● Europe equities	11
		● Australasia equities	5
		● Japan equities	4



Currency allocation	%
● Sterling	88
● US dollar	7
● Canadian dollar	1
● Swiss franc	1
● Other	3

10 largest of 82 equity holdings

Stock	% of fund	Stock	% of fund
Runge	5.2	Imperial Oil	2.0
Science Group	5.1	JPMorgan Chase	1.8
Novartis	2.3	Microgen	1.8
Leucadia National	2.0	Lennar	1.8
Groupe Bruxelles Lambert	2.0	US Bancorp	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 **£165.2m**

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 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 December 2016, assets managed by the Ruffer Group exceeded £20.6bn, of which over £11.4bn was managed in open-ended Ruffer funds.

Dealing line

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