

# CF Ruffer Equity & General Fund

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



March 2017 Issue 172

During the month, the fund's O accumulation shares decreased by 0.1%. This compared with a rise of 1.2% in the FTSE All-Share Total Return Index.

In September 1970, Milton Friedman wrote an important article in The New York Times. The title was 'The social responsibility of business is to increase its profits'. Friedman summarised his thoughts by stating 'there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.' The last 50 years involved the gradual acceptance of Friedman's principles. In particular since the crisis of 2008, cutting costs and enhancing profitability have been the clear focus of the average CEO. Companies are as efficient as they have ever been, returns on equity are very high and profit margins are at record levels. The concept of shareholder value has never been accepted so much, mainly in the West but also around the world.

People who entered our industry 50 years or so ago would say that back then only a handful decided to become fund managers, a very small percentage of the best university graduates wanted to practise investing. Nowadays, and despite the financial crisis, investing is one of the most popular professions. The stock markets have probably become too important, and the Federal Reserve has had to drive them higher to cement and enhance real economic activity (in the old days it used to be the other way around). Despite the proliferation of technology and the use of machines which are reducing inefficiencies and hence are making the market more difficult to beat, investing seems to be as lucrative and as fashionable as ever.

You may ask what does all this mean? We should probably be more sceptical of the markets and expect much lower average future returns. Nevertheless, investing will remain interesting and rewarding as long as humans exhibit fear and greed. The margin of safety, which has become such a popular phrase, will remain a cornerstone of our practice but we/REG have to adapt. We have always said that we buy part of a business not just a stock. We will keep identifying potential mispricing of businesses in out of favour sectors and betting on restructurings. As long as economic activity normalises, the former are more difficult to find and hence it is probable that at least in the short term our time and potential investments involve more of the latter. These restructuring cases involve 'value and change', backing the right people. Picking people and management who can make a difference depends on very subjective judgement, hence we have it is an area where competition will continue to be somewhat less fierce. We admire the intensity and back money makers such as 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 expensive, 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](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 %	March 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.1	2.7	13.5	9.7	39.6	107.1

Percentage growth (O acc)	%	Share price as at 31 March 2017	p
31 Mar 2016 – 31 Mar 2017	13.5	<b>O accumulation</b>	<b>411.46</b>
31 Mar 2015 – 31 Mar 2016	-5.5	<b>O income</b>	<b>381.76</b>
31 Mar 2014 – 31 Mar 2015	2.2	<b>C accumulation</b>	<b>417.21</b>
31 Mar 2013 – 31 Mar 2014	10.8	<b>C income</b>	<b>384.82</b>
31 Mar 2012 – 31 Mar 2013	14.8		

Source: Ruffer LLP, FTSE International (FTSE)

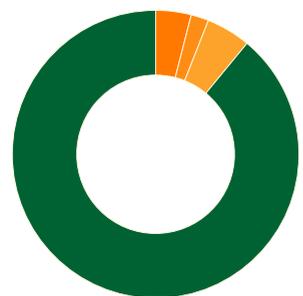
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Equity & General Fund as at 31 March 2017

## Portfolio structure



Asset allocation	%		%
● Cash	32	● North America	23
● Illiquid strategies	1	● UK equities	22
		● Europe equities	12
		● Australasia	6
		● Japan equities	4



Currency allocation	%
● Sterling	89
● US dollar	4
● Euro	2
● Other	5

## 10 largest of 81 equity holdings

Stock	% of fund	Stock	% of fund
Runge	5.8	Imperial Oil	1.9
Science Group	5.3	Leucadia National	1.8
Novartis	2.3	Balfour Beatty	1.7
Groupe Bruxelles Lambert	2.1	Hornby	1.6
Microgen	2.0	Phillips 66	1.5

Source: Ruffer LLP

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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 **£166.5m**

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.58	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

## 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 March 2017, assets managed by the Ruffer Group exceeded £21.4bn, of which over £11.8bn was managed in open-ended Ruffer funds.

## Dealing line

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\*Refers to accumulation shares

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