

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 0.8%. This compared with a rise of 4.4% in the FTSE All-Share Total Return Index.

The US economy is in its ninth year of economic expansion –the third longest since 1900. The S&P 500 is in its 100th month of a bull market – the second longest since 1926. US stocks currently trade at historically high valuations, supported more by low interest rates than by earnings growth. While Asian and emerging market stocks are trading closer to their median valuation, we would argue that the valuation disparity reflects more relative value when compared to overpriced markets, than an absolutely undervalued investment opportunity.

Long bull markets breed complacency. In an effort to maximize returns, fund managers want to see every dollar working for them. Cash sitting around earning nothing can be viewed as an abdication of responsibility. We view this as a time to aim to avoid losses, rather than seeking to 'squeeze' gains. Historically, having cash when assets are priced to perfection generally has not turned out to be a bad idea, although it may feel hard in the near term. When the cyclically adjusted price-to-earnings ratio (CAPE) is above 25x, cash has outperformed in the subsequent five year periods more than 75% of the time (currently the CAPE ratio is almost 30). REG's cash balance is critical to our long term strategy. Thus, cash remains above 30% of the portfolio: it is our protection and ammunition in falling markets (as you may recall in late 2008/early 2009 we were buying stocks almost every day and our cash balance gradually declined to a minimum).

Nevertheless, we intensely focus on investment ideas with asymmetric risk-reward. We have been recently adding to our shareholding in Imperial Oil. This is 'Exxon in Canada'. The oil sands are perceived to be very high cost. Hence, as the price of oil has been weak, this sector has been 'out of favour'. Imperial Oil's management is of the highest quality and the company has significantly decreased the break even level of its operating assets. After the recent completion of multi-year investments in new projects, Imperial Oil is now likely to produce meaningful free cash and potentially return capital to shareholders.

Currently our portfolio is somewhat more volatile involving many idiosyncratic ideas/special situations where our estimate of the business value is significantly higher than the market price. A year ago we allocated capital to the Bollore Group. This is a family business run by Vincent Bollore, who has built this conglomerate to more than €10 billion market cap, from almost nothing. Approximately half of the group relates to Africa (infrastructure assets in the former French colonies) and thus, the collapse of the price of commodities provided an investment opportunity. The discount to net asset value has been significant, but Bollore Group is a complex conglomerate with many different shareholdings. One of them is Vivendi. We have been looking into Vivendi for years and have recently bought the shares. It owns Universal Music Group (UMG), one of the 'big three' record labels. The dynamics of the music industry are rapidly evolving –streaming seems to be unleashing the value of content. Thus, UMG's financials have been rejuvenated and this is now a growing, highly cash generative business. We recently met Mr Bollore, an industrialist with the instinct of a value investor. As Havas, Aegis and the Bollore Group have shown, most of Vincent Bollore's ventures in the public markets have made money for all shareholders. Vivendi is characterised by hidden value with a money maker in charge.

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 %	May 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.8	5.5	16.0	13.5	47.1	108.5

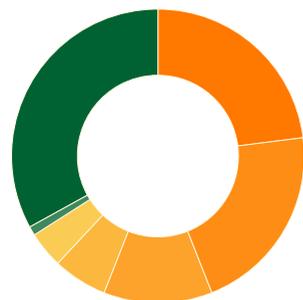
Percentage growth (O acc)	%	Share price as at 31 May 2017	p
31 Mar 2016 – 31 Mar 2017	13.5	O accumulation	422.75
31 Mar 2015 – 31 Mar 2016	-5.5	O income	392.24
31 Mar 2014 – 31 Mar 2015	2.2	C accumulation	428.88
31 Mar 2013 – 31 Mar 2014	10.8	C income	395.58
31 Mar 2012 – 31 Mar 2013	14.8		

Source: Ruffer LLP, FTSE International (FTSE)

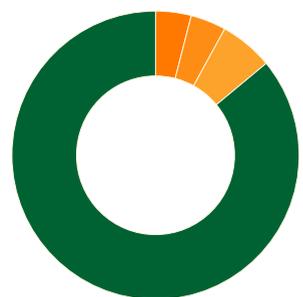
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Equity & General Fund as at 31 May 2017

Portfolio structure



Asset allocation	%		%
• Cash	33	• North America	23
• Illiquid strategies	1	• UK equities	21
		• Europe equities	12
		• Australasia	6
		• Japan equities	4



Currency allocation	%
• Sterling	86
• US dollar	4
• Euro	4
• Other	6

10 largest of 80 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	6.5	Scandinavian Tobacco	1.7
Runge	5.4	Hornby	1.6
Imperial Oil	3.0	Groupe Bruxelles Lambert	1.6
Novartis	2.2	Vivendi	1.6
Balfour Beatty	1.8	Leucadia National	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 **£170.1m**

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 May 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.2bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

Enquiries

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

*Refers to accumulation shares

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