

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 decreased by 0.5%. This compared with a fall of 2.5% 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'. The last 45 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 CEOs. Thus, 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. The oxymoron is that while businesses currently operate as efficiently as ever and stocks are not undervalued, the phenomenon of activist shareholders has gained momentum. In a world of very low interest rates, good businesses are being attacked to enhance already superior returns and drive short term profitability. The more recent and almost extreme example is Nestle. This is a very solid business and an expensive stock (>20 price-to-equity ratio) trading at all-time highs. In 2006-2007 it was private equity, now it is the activist.

We have been consistently avoiding bonds and since 2013 we have sold most of their equity proxies. As interest rates have declined since the financial crisis, the effective 'duration' of all assets has lengthened; it is likely that asset prices are very sensitive to the discount rate used to calculate the present value of their future cash flows.

Our thesis has been that the odds are high that at some point in the near future, bond prices will decline and most asset prices will follow. We got a small glimpse of this last September, when bonds repriced and the stock market fell. Cross-correlations among asset classes soared and most balanced funds suffered significant losses. The damage to our portfolio was limited.

More recently as the US Federal Reserve seems to indicate that rates are gradually going somewhat higher, the bond market has exhibited some vulnerability. But most importantly as bonds have been weak, the rotation within the equity market (in particular the weakness of the tech stocks and the bond like staples) has allowed us to observe better the potential effect of the Exchange Traded Funds (ETFs). Since 2007, indexing or passive activities have risen from <10% of total managed assets to almost 40% in the US. When the cycle moves into a bear market (this bull market has been one of the longest in history), ETFs are likely to be destabilising influences. Investors will hit the 'sell' button but ETFs don't carry any cash reserves. Active managers have been diminished in size, and most aren't carrying high levels of liquidity due to fear of underperformance.

Our conservative views are expressed via REG's 'unusual' portfolio structure: a) currently our equities are more idiosyncratic, we focus on special situations in cases with asymmetric risk-reward, mostly avoiding 'popular/ETF owned' stocks, b) instruments that provide insurance on falling equity markets and c) importantly, our high cash balance.

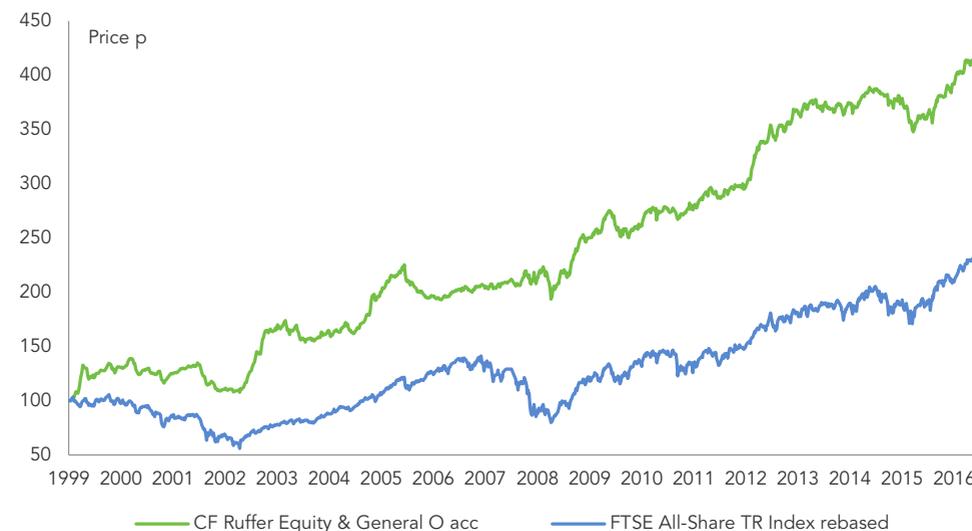
We aim to be consistent about what we try to achieve in REG. Your manager has his pension in the fund and this is exactly how we think about it – long term. REG should be seen as a vehicle to invest in global equities via a balanced, opportunistic, value-based approach.

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 %	June 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.5	4.9	17.4	13.6	44.3	108.1

Percentage growth (O acc)	%	Share price as at 30 June 2017	p
30 Jun 2016 – 30 Jun 2017	17.4	O accumulation	420.47
30 Jun 2015 – 30 Jun 2016	-6.4	O income	390.12
30 Jun 2014 – 30 Jun 2015	3.4	C accumulation	426.67
30 Jun 2013 – 30 Jun 2014	7.8	C income	393.54
30 Jun 2012 – 30 Jun 2013	17.8		

Source: Ruffer LLP, FTSE International (FTSE)

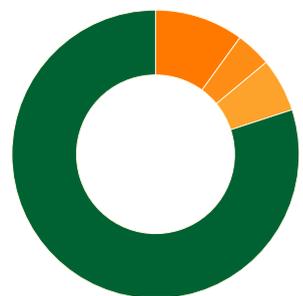
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Equity & General Fund as at 30 June 2017

Portfolio structure



Asset allocation	%
• North America	24
• UK equities	21
• Europe equities	14
• Australasia	6
• Japan equities	4
• Cash	31



Currency allocation	%
• Sterling	80
• US dollar	10
• Euro	4
• Other	6

10 largest of 79 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	6.6	Scandinavian Tobacco	1.8
Runge	5.4	Hornby	1.8
Imperial Oil	3.6	Leucadia National	1.8
Novartis	1.8	Vivendi	1.7
Balfour Beatty	1.8	Groupe Bruxelles Lambert	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 **£161.7m**

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	

*Refers to accumulation shares

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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 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

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