

# 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 1.1%. This compared with a fall of 0.4% in the FTSE All-Share Index.

In managing the CF Ruffer Equity & General fund (REG) we seek to identify value among global equities. Our process is intense and has remained consistent during the last ten years. Nevertheless, the content of the portfolio has varied depending on the available opportunities that offer asymmetric risk-reward. Currently, there are no thematic areas of clear value, ie there are very few out of favour sectors with sufficient margin of safety. Thus, the portfolio is more idiosyncratic with numerous special situations (Science Group, RPM, Leucadia, Balfour Beatty). Our investment decisions are based on fundamental analysis and, unless there is a sudden decline in markets which throws up bargains on valuation grounds, our capital allocation is usually gradual. We aim to balance risk adjusted equity positions with cash in REG's portfolio and, while we have avoided bonds, REG has produced returns with relatively low volatility over the cycle.

Our research process focuses on identifying sectors or individual businesses which are unloved and, hence overlooked by, the wider market. We carry out extensive historical analysis and modelling to try to understand these companies and what makes them work. This includes meeting the management, competitors and suppliers and carrying out background checks on key individuals.

In principle, we want to know everything possible about the company and the key variables that drive business value –we call this our 'x-ray' analysis. Our daily workflow involves undertaking intense due diligence on various new stocks in order to estimate their intrinsic worth; we also assess new information on the existing portfolio. The purity of our process is 'all we have'. Over the years it is certain that we will make mistakes but we promise to our investors that we will not dilute the focus nor intensity of our 'x-ray' analysis. It defines us, together with our effort to avoid losing money.

We recently bought positions in Fairfax Financial Holdings and Davita, two businesses we have followed for many years and which are currently out of favour with the market. We used to own Fairfax, the 'Berkshire of Canada', during the financial crisis. It is run by Prem Watsa, a successful entrepreneur who has built a strong franchise combining the power of float in insurance with a conservative investment approach. Fairfax's management was very astute during 2007-2008 and made outstanding returns shorting the housing market, but during the last few years its conservative positioning has not worked. Thus, sentiment is against the stock and this has provided the potential opportunity. We recently met Mr Watsa, understood the business better and initiated a position. Davita has also been built by a key man, Kent Thiry. It has been a successful roll up of diabetes clinics in the US during the last 20 years leading to an oligopolistic market shared mainly between Davita and its main competitor Fresenius Medical. More recently Davita's management decided to diversify outside its core competency to enhance its future growth. The new venture has disappointed the market and thus the potential opportunity in this very cash generative business.

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 %	September 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.1	9.3	14.2	18.2	47.3	113.5

Percentage growth (O acc)	%	Share price as at 29 September 2017	p
30 Sep 2016 – 30 Sep 2017	14.2	<b>O accumulation</b>	<b>438.11</b>
30 Sep 2015 – 30 Sep 2016	3.9	<b>O income</b>	<b>406.49</b>
30 Sep 2014 – 30 Sep 2015	-0.4	<b>C accumulation</b>	<b>444.90</b>
30 Sep 2013 – 30 Sep 2014	4.3	<b>C income</b>	<b>410.17</b>
30 Sep 2012 – 30 Sep 2013	19.4		

Source: Ruffer LLP, FTSE International (FTSE)<sup>1</sup>

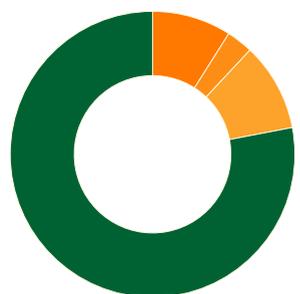
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Equity & General Fund as at 29 September 2017

## Portfolio structure



Asset allocation	%
North America	25
UK equities	19
Europe equities	13
Australasia	7
Japan equities	4
Cash	32



Currency allocation	%
Sterling	78
US dollar	9
Euro	3
Other	10

## 10 largest of 73 equity holdings

Stock	% of fund	Stock	% of fund
Runge	7.3	Novartis	1.7
Science Group	6.6	Leucadia National	1.7
Imperial Oil	3.7	Scandinavian Tobacco	1.7
Vivendi	2.0	Phillips 66	1.6
Balfour Beatty	2.0	Milestone Japan Value Fund	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 £147.5m

## 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	0.04
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 30 September 2017, assets managed by the Ruffer Group exceeded £21.7bn, of which over £12.9bn was managed in open-ended Ruffer funds.

## Dealing line

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\*Refers to accumulation shares

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