

LF Ruffer Equity & General Fund

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



During the month, the fund's O accumulation shares rose by 0.5%. This compares with a rise of 4.8% in the FTSE All-Share Total Return Index.

People who entered our business 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 investing is one of the most popular professions. 'Value investing' has become well accepted and is most often quoted as 'the way to do it'. Warren Buffett is now an idol – an overwhelming number of people follow his every word. Companies are as efficient as they have ever been, returns on equity are high and profit margins are at record levels. The concept of shareholder value has never been accepted so widely. Despite the proliferation of technology and the use of machines which are reducing inefficiencies and hence, have made 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, is a cornerstone of our practice but we have had to adapt. We have always said that we buy part of a business not just a stock. We continue to identify potential mispricing of businesses within out of favour sectors and are also backing special situations. As long as economic activity has normalised, it is probable that at least in the short term our potential investments focus more on the latter. These restructuring cases involve 'value and change', backing the right people. Picking outstanding individuals and management depends on very subjective judgement, and hence, an area where hopefully competition will continue to be somewhat less fierce.

Last year REG rose by 11.2% versus 13.1% in the FTSE All-Share Total Return. 2017 was a decent year – our equity selection did fine, especially considering our 30% cash balance (our protection against and ammunition in falling markets) and our put options in various equity indices (hedging instruments particularly helpful for us in 2008 and 2011). Throughout the ten years we have managed REG, the return has been 116.4% versus 84.5% for the FTSE All-Share TR. The result has been a portfolio with much lower volatility than the market and no annual losses. While we try hard first and foremost to preserve our capital, it is almost certain that we will lose money at some point in time. Importantly, we expect higher market volatility in the next few years and we are putting even higher emphasis on the 'jockey': we believe strong CEOs who have significant stakes in their firms will keep making the difference, in particular through the more turbulent times.

With bonds increasingly vulnerable, stock markets at worryingly high levels and cash 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.

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 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.5	11.2	11.2	20.0	46.8	116.4

Percentage growth (O acc)	%	Share price as at 29 December 2017	p
31 Dec 2016 – 31 Dec 2017	11.2	O accumulation	445.75
31 Dec 2015 – 31 Dec 2016	7.8	O income	413.58
31 Dec 2014 – 31 Dec 2015	0.1	C accumulation	453.00
31 Dec 2013 – 31 Dec 2014	1.0	C income	417.64
31 Dec 2012 – 31 Dec 2013	21.1		

Source: Ruffer LLP, FTSE International (FTSE)

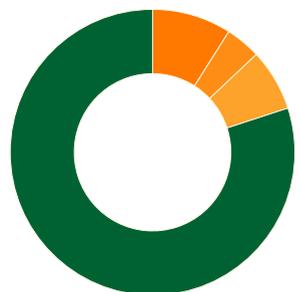
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Equity & General Fund as at 29 December 2017

Portfolio structure



Asset allocation	%
North America	25
UK equities	22
Europe equities	13
Australasia	8
Japan equities	2
Cash	30



Currency allocation	%
Sterling	80
US dollar	9
Euro	4
Other	7

10 largest of 77 equity holdings

Stock	% of fund	Stock	% of fund
Runge	7.7	Idox	1.9
Science Group	6.4	Leucadia National	1.8
Imperial Oil	3.3	Milestone Japan Value Fund	1.7
Vivendi	2.9	Phillips 66	1.6
Balfour Beatty	2.1	WPP plc	1.6

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 £146.3m

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 Link Fund Solutions Limited

Depository The Bank of New York Mellon (International) Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of LF 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 LF 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 2017, assets managed by the Ruffer Group exceeded £22.8bn, of which over £14.0bn was managed in open-ended Ruffer funds.

Dealing line

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*Refers to accumulation shares

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