

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 fell by 2.4%. This compares with a fall of 3.3% in the FTSE All-Share Total Return Index.

REG invests in out of favour sectors and special situations. After years of strong markets, few sectors are out of favour enough to be characterised by significant asymmetry and as a result we find value mostly in special situations and CEOs who think and act like owners. As a consequence, our portfolio is currently somewhat more volatile and involves many idiosyncratic ideas where our estimate of the business value is significantly higher than the market price.

REG's portfolio includes many large caps, but our two largest holdings involve small companies, run by exceptional CEOs who are also key shareholders. Despite any short-term volatility of their share price, the investment thesis is similar to that of private equity but without financial leverage: we back the entrepreneurs to drive shareholder value via organic growth and acquisitions, and we think that our investments in Science Group and Runge are likely to involve significantly larger businesses over time. These are likely to remain core holdings for REG in the long-term, but given available market liquidity, from time to time we may alter the size of our shareholding.

Runge is an Australian software provider to the mining and commodities industry. It has been one of the most underpenetrated industries in software and Richard Mathews and his team have been investing heavily in new products during the difficult years in commodities. 2016-2017 was a good period for Runge and they saw their customer base grow. In autumn of last year, they indicated that they wish to transition their model to software as a service. Despite this being the right decision for the long-term, as we have seen many times in the US, such transitions often involve disruption in revenues, and this has led to a negative share price reaction in 2018.

Investing in Runge has been an indirect way to invest in commodities via a turnaround of a software business. The business has net cash (around 20% of its market capital) and the market values it at approximately the value of its maintenance long-term cash flows (ie little value is attributed to its growth potential). We have always expected Runge to be a volatile stock, but the risk-reward is asymmetric and under this management team the odds are high for an exit via a trade sale.

Science Group (SAG) is a research and development consultancy firm which has significant property value, net cash and has been an astute acquirer of businesses and of its own shares. We back its chairman (and main shareholder) Martyn Ratcliffe, an entrepreneur with a unique combination of operational acumen and focus on capital allocation. The most recent acquisition has been transformative, SAG remains very cash generative and is becoming a larger, more diversified and well-balanced business. We expect Mr Ratcliffe and his team to keep opportunistically acquiring undermanaged companies, enhancing their cash generation and thus, gradually building Science Group's earnings power.

Our cash balance has recently declined somewhat, from 30% to around 25%. The correction in the markets has given us the opportunity to acquire parts of fine businesses at attractive prices and most importantly, to keep 'collecting outstanding leaders'!

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 % | February 2018 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|---------------|--------------|--------|---------|---------|----------|
| O accumulation shares | -2.4 | -1.5 | 6.6 | 15.3 | 31.8 | 111.3 |

| Percentage growth (O acc) | % | Share price as at 28 February 2018 | p |
|---------------------------|------|------------------------------------|---------------|
| 31 Dec 2016 – 31 Dec 2017 | 11.2 | O accumulation | 439.04 |
| 31 Dec 2015 – 31 Dec 2016 | 7.8 | O income | 407.35 |
| 31 Dec 2014 – 31 Dec 2015 | 0.1 | C accumulation | 446.41 |
| 31 Dec 2013 – 31 Dec 2014 | 1.0 | C income | 411.56 |
| 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.

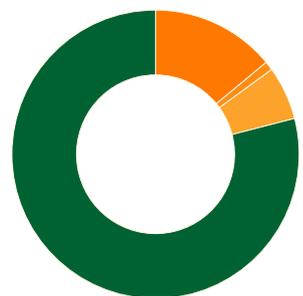
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Equity & General Fund is not registered for distribution in any country other than the UK.

LF Ruffer Equity & General Fund as at 28 February 2018

Portfolio structure



| Asset allocation | % |
|-------------------|----|
| • North America | 23 |
| • UK equities | 24 |
| • Europe equities | 14 |
| • Australasia | 7 |
| • Japan equities | 3 |
| • Options | 1 |
| • Cash | 28 |



| Currency allocation | % |
|---------------------|----|
| • Sterling | 79 |
| • US dollar | 14 |
| • Euro | 1 |
| • Other | 6 |

10 largest of 82 equity holdings

| Stock | % of fund | Stock | % of fund |
|-----------------|-----------|----------------------------|-----------|
| Runge | 6.6 | Balfour Beatty | 2.0 |
| Science Group | 6.6 | Idox | 1.9 |
| Imperial Oil | 3.2 | Milestone Japan Value Fund | 1.8 |
| Vivendi | 2.7 | Leucadia National | 1.6 |
| GlaxoSmithKline | 2.1 | Driver | 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 £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 | 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 | |

*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 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 28 February 2018, assets managed by the Ruffer Group exceeded £22.5bn, of which over £13.8bn was managed in open-ended Ruffer funds.

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