

# LF Ruffer Equity & General Fund

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



March 2018 Issue 184

During the month, the fund's O accumulation shares fell by 1.8%. This compares with a fall of 1.8% in the FTSE All-Share Total Return Index.

After years of strong markets, we have been identifying asymmetric risk-reward primarily in special situations. As a consequence, our portfolio is currently more volatile involving many idiosyncratic ideas where our estimate of the business value is significantly higher than the market price.

The correction in the markets has given us the opportunity to put some of our cash to work. We keep 'collecting outstanding leaders', a key pillar of our investment process. Furthermore, we have recently been identifying value in high dividend stocks. Following a meeting with the new CEO, Emma Walmsley, we purchased shares in GlaxoSmithKline (GSK) in 2018 which provides a dividend of approximately 6% per year. We have been following GSK for over ten years and we now think that the investment case is characterised by turnaround potential: we believe that Mrs Walmsley will improve the operational efficiency of the business and make the right decisions in capital allocation.

During the last few months we have bought Telecom Italia (TI) – mainly the savings shares which yielded around 5% at the time of our purchase. This is a business which has been managed poorly for years but we have been impressed by the new CEO, Amos Genish. He is experienced in the telecom sector and has restructured and built various global businesses. The recent involvement of Elliott, the activist investor, is a catalyst exhibiting TI's value. Our thesis focuses on Mr Genish's leadership and plan to enhance TI's cash generation.

Furthermore, we have been buying Exxon (XOM). We have recently met Exxon's new CEO, Darren Woods, and we expect him to be more operationally driven than his predecessor. While most oil majors now talk to shareholders about capital returns, Exxon's management acts counter-cyclically and is investing in new upstream projects. We like XOM's contrarian, long-term approach and its current valuation: Exxon's dividend yield is higher than 4%, a figure last seen approximately 25 years ago.

Finally, we added to our shareholdings in Leucadia (LUK) and Vivendi (VIV) which are characterised by hidden value. Leucadia, run by Rich Handler, is a conglomerate, covered by only one 'sell-side' analyst and consists of various different business units such as Jefferies, the investment bank, and a beef processing company. LUK's shares trade close to its tangible value which does not fully capture the earnings power of the portfolio. Vivendi's key asset is UMG, the music publisher, which is benefiting from streaming (its value should now be more evident after the IPO of Spotify), with an exceptional money maker in charge, Vincent Bollere.

Having the 'capacity to suffer' is an important part of our investment process, clearly easy to talk about but hard to patiently go through. It is important that we keep our focus on our investment process and methodically follow our discipline even though our mark to market performance may be volatile. Buying 'value' may take time to work, but in our view, the current intrinsic value of our portfolio is significantly higher than its market price. 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.

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 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.

## 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 %	March 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.8	-3.3	4.8	12.4	27.4	107.2

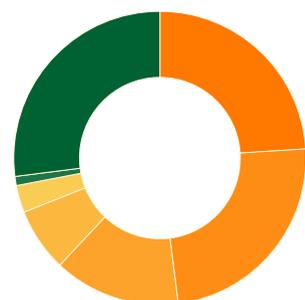
Percentage growth (O acc)	%	Share price as at 29 March 2018	p
31 Mar 2017 – 31 Mar 2018	4.8	<b>O accumulation</b>	<b>431.09</b>
31 Mar 2016 – 31 Mar 2017	13.5	<b>O income</b>	<b>399.98</b>
31 Mar 2015 – 31 Mar 2016	-5.5	<b>C accumulation</b>	<b>438.43</b>
31 Mar 2014 – 31 Mar 2015	2.2	<b>C income</b>	<b>404.21</b>
31 Mar 2013 – 31 Mar 2014	10.8		

Source: Ruffer LLP, FTSE International (FTSE)

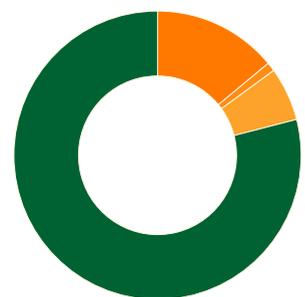
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Equity & General Fund as at 29 March 2018

## Portfolio structure



Asset allocation	%
North America	24
UK equities	24
Europe equities	14
Australasia	7
Japan equities	3
Option	1
Cash	27



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

## 10 largest of 81 equity holdings

Stock	% of fund	Stock	% of fund
Runge	6.6	WPP plc	2.3
Science Group	5.4	Leucadia National	2.3
Imperial Oil	3.1	Balfour Beatty	2.1
Vivendi	3.1	ExxonMobil	2.0
GlaxoSmithKline	2.3	Milestone Japan Value Fund	1.8

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 £142.4m

## 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 31 March 2018, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.6bn was managed in open-ended Ruffer funds.

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