

# 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 declined by 0.1%. This compares with an increase of 1.3% in the FTSE All-Share Total Return Index.

The US market has been outperforming the rest of the world for a while. The way in which it is doing so is via the 'momentum' trade, the winners keep winning. 'Momentum' has been beating 'value' overwhelmingly, despite a brief reversal immediately after Trump's election. The divergence between the two is now at an extreme. The clearest reason involves the superb performance of the so-called 'FANG's (Facebook, Apple, Netflix, Google) – these dominant internet 'growth' companies absolutely excite investors at present. This environment is challenging for us. We tend to avoid 'popular' securities. For example, we have been consistently avoiding bonds and since 2013 we sold most of their equity proxies (eg Johnson & Johnson, Kraft), arguably too early. Similarly with the FANGs, we only bought Google in 2011, before the IPO of Facebook, when it was out of favour and had become undervalued; we have been gradually selling it as it became more popular and expensive. Our history since late 2007 clearly shows that we enjoy buying stocks 'on sale'. We remain consistent and focus on asymmetric bets with an adequate margin of safety.

After a warning in its short-term profitability and a sharp drop in the share price, Mohawk Industries has been added to our largest holdings. We have followed and owned part of this solid business for many years. Many US housing and construction-related securities have been under pressure following the acceleration in cost inflation and the increase of interest rates by the Federal Reserve. We purchased the shares at less than 12 times our estimate of Mohawk's earnings power and we believe that its collection of flooring assets (ceramic tile, carpet, laminates and vinyl) is attractive for the long-term investor. We put particular emphasis on the 'jockey' and believe great CEOs who have significant stakes in their firms will keep making a difference in the longer term. We admire the intensity and back the money maker Jeff Lorberbaum, CEO and a major shareholder of Mohawk.

We have also been buying Tortoise MLP Fund. This is an investment trust which gives us exposure to a portfolio of natural gas infrastructure Master Limited Partnerships (MLPs) in the US at a discount to its NAV. MLPs have been out of favour recently and the businesses (and their dividends) have been 'tested' during the recent collapse of the oil price. Assuming the price of oil is stable and thus the US keeps producing oil and gas at high rates, we expect to be paid around 10% per year for our investment in Tortoise.

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 recently has been adding to his shareholding. REG should be seen as a vehicle to invest in global equities via a conservatively balanced, opportunistic, long term 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 %	July 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.1	0.9	5.1	17.9	27.4	118.0

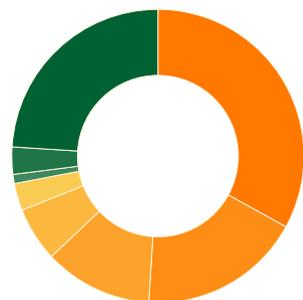
Percentage growth (O acc)	%	Share price as at 31 July 2018	p
30 Jun 2017 – 30 Jun 2018	7.1	<b>O accumulation</b>	<b>449.76</b>
30 Jun 2016 – 30 Jun 2017	17.4	<b>O income</b>	<b>417.30</b>
30 Jun 2015 – 30 Jun 2016	-6.4	<b>C accumulation</b>	<b>457.89</b>
30 Jun 2014 – 30 Jun 2015	3.4	<b>C income</b>	<b>422.14</b>
30 Jun 2013 – 30 Jun 2014	7.8		

Source: Ruffer LLP, FTSE International (FTSE)

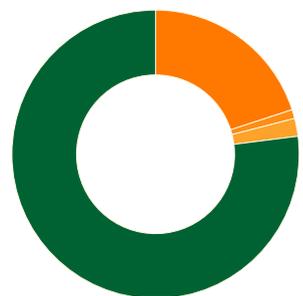
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Equity & General Fund as at 31 July 2018

## Portfolio structure



Asset allocation	%
• Cash	24
• Gold and gold equities	3
• Options	1
• North America	33
• UK equities	18
• Europe equities	12
• Australasia	6
• Japan equities	3



Currency allocation	%
• Sterling	77
• US dollar	20
• Euro	1
• Other	2

## 10 largest of 82 equity holdings

Stock	% of fund	Stock	% of fund
Runge	6.2	ExxonMobil	2.0
Science Group	5.9	Mohawk Industries	1.9
Jefferies	4.2	Driver	1.9
iShares Physical Gold	3.4	Milestone Japan Value Fund	1.8
Vivendi	3.3	Coty	1.7

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 £144.4m

## 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	Ernst & Young 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 & General Fund.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

## Dealing line

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