

# 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 0.7%. This compares with a fall of 2.8% in the FTSE All-Share Total Return Index.

This is a market characterised by momentum – stocks which have worked, keep going higher, and vice versa, stocks with no momentum go nowhere despite being undervalued. 'Value' remains very much out of favour and 'growth investing' drives returns. Sell-side analysts recently upgraded the amazing Amazon and pushed the stock even higher, while the unloved European telecom sector was downgraded and the already battered stocks declined further. This is a dangerous market. When the tide goes out and momentum reverses, the crowded, expensive stocks will probably cause a lot of pain. We focus intensely on valuation and asymmetric risk-reward: thus, we have long exited any of the very popular stocks that are driving the current market. This is a challenging environment for us – it is of utmost importance to keep our discipline and focus on our investment process, avoid the siren call of easy short-term returns and aim to reduce the risk of overpriced securities in the portfolio.

REG includes many large companies, but our two largest holdings are small companies, run by exceptional CEOs who are also key shareholders. Despite short-term volatility in 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 become significantly larger businesses over time.

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. 2016-2017 was a good period for Runge and they saw their customer base grow. 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 to revenues, and this has led to a negative share price reaction in 2018. The business has net cash (around 20% of its market cap) and the market values it at less than the value of its long-term cash flows from maintenance (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.

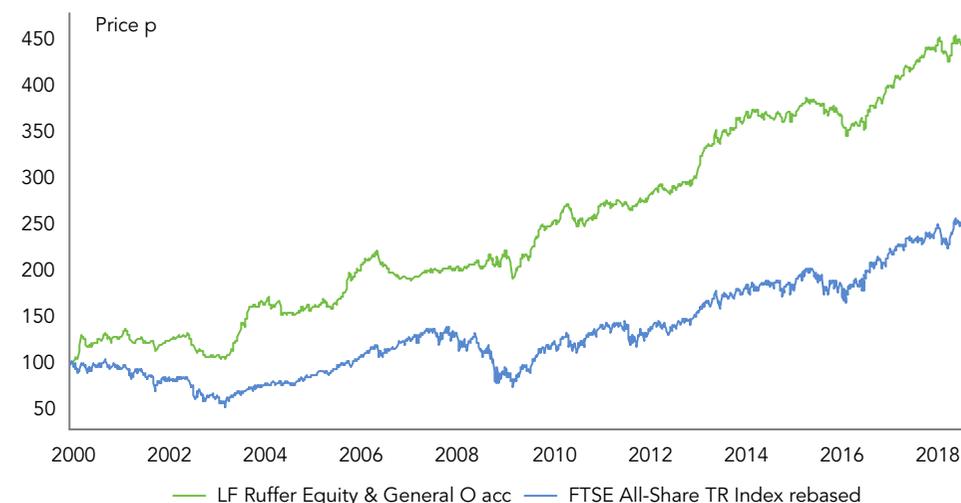
Science Group (SAG) is a research and development consultancy which has significant property value, net cash and has been an astute acquirer of businesses and of its own shares. We back its chairman (and main shareholder) Martyn Ratcliffe, an entrepreneur with a unique combination of operational acumen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

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 %	August 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.7	0.2	3.1	18.6	28.2	105.7

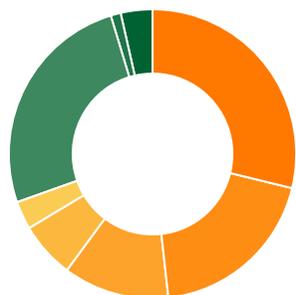
Percentage growth (O acc)	%	Share price as at 31 August 2018	p
30 Jun 2017 – 30 Jun 2018	7.1	O accumulation	446.77
30 Jun 2016 – 30 Jun 2017	17.4	O income	414.53
30 Jun 2015 – 30 Jun 2016	-6.4	C accumulation	454.96
30 Jun 2014 – 30 Jun 2015	3.4	C income	419.44
30 Jun 2013 – 30 Jun 2014	7.8		

Source: Ruffer LLP, FTSE International (FTSE) †

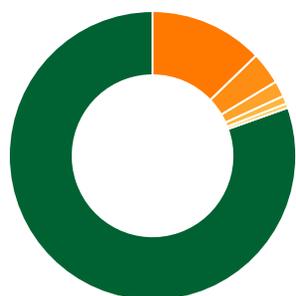
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

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

## Portfolio structure



Asset allocation	%		%
● Gold and gold equities	3.5	● North America	28.7
● Options	1.3	● UK equities	19.6
● Cash	25.7	● Europe equities	11.8
		● Australasia	6.3
		● Japan equities	3.1



Currency allocation	%
● Sterling	80.5
● US dollar	12.9
● Gold	3.5
● Yen	1.8
● Other	0.9
● Euro	0.4

## 10 largest of 80 equity holdings

Stock	% of fund	Stock	% of fund
Runge	6.3	ExxonMobil	2.1
Science Group	6.1	Mohawk Industries	2.0
Jefferies	4.1	Milestone Japan Value Fund	1.9
iShares Physical Gold	3.5	Driver	1.8
Vivendi	3.4	Tortoise MLP Fund	1.8

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 **£141.6m**

## 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

## 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 July 2018, assets managed by the Ruffer Group exceeded £22.4bn.

## Dealing line

0345 601 9610

## Enquiries

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\*Refers to accumulation shares

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