

LF Ruffer Equity & General Fund

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



November 2018 Issue 192

From 2019 we will be producing this report on a quarterly rather than monthly basis. During the month, the fund's O accumulation shares fell by 0.3%. This compares with a fall of 1.6% in the FTSE All-Share Total Return Index.

During the last few months market volatility has increased and thus our trading activity has also increased. For example, we reduced significantly Imperial Oil (IMO). IMO has been our 'Exxon in Canada': it consists of high quality, long life assets and recently it has been reducing its cost structure, therefore enhancing its free cash flow potential. When we first invested in 2016/2017, we backed the new CEO, Rich Kruger, to execute his plan. Mr Kruger has proved to be excellent in capital allocation (one of the few oil companies introducing a 5% annual buyback) and in improving gradually IMO's operational efficiency. Thus, this historically very much doubted stock has recently received upgrades by the sell-side and hence, despite the drastic decline of the oil price, IMO's share price has been resilient. We recently reduced our position as the risk-reward has become less asymmetric. This market has been characterised by momentum – stocks which have worked, keep going higher, and vice versa, stocks with no momentum often go lower despite being significantly undervalued. 'Value' has remained out of favour and 'growth' investing in quality companies has driven returns. This is a challenging environment for us – it is of utmost importance to keep our discipline: we focus intensely on valuation and asymmetric risk-reward. In our view, the current intrinsic value of our portfolio is significantly higher than its market price. In November we added to Scandinavian Tobacco, the producer of cigars, a recent spin off which has faced operational problems and has disappointed the market, thus offering approximately 7% dividend yield (and the business carries limited debt).

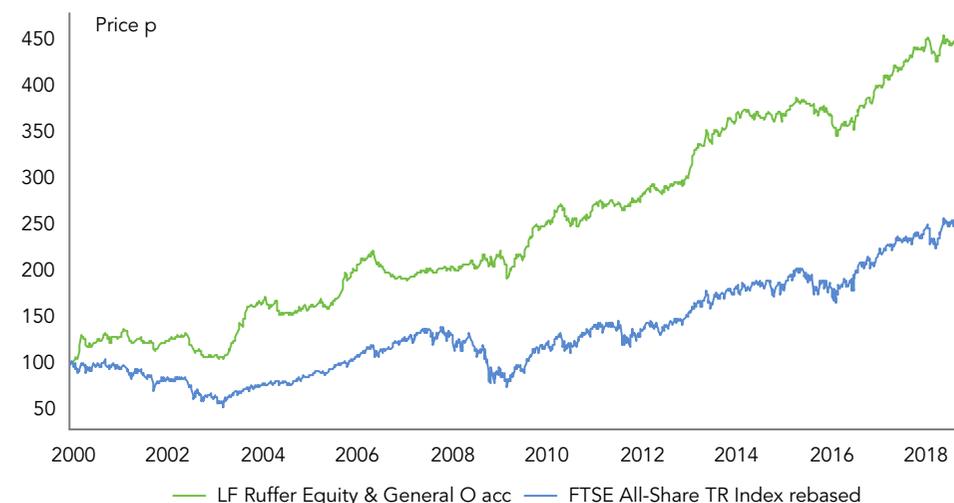
At REG we aim to collect outstanding leaders who run businesses trading at reasonable prices. Top management makes an enormous difference over time – there is a compound effect that drives superior performance under a strong leader (and vice versa). We recently met Jeff Lorberbaum, CEO and major shareholder of Mohawk Industries (MHK), at his premises in the US. Not only has Mr Lorberbaum 'lived and breathed' his business during the last 30 years but he has also been a very intelligent acquirer of companies globally; most importantly he has been able to motivate his managers to often keep working for him while they are independently wealthy. He runs Mohawk in a decentralised manner so his top lieutenants think and act like owners of their units. While Mr Lorberbaum's long term track record has been superb, more recently Mohawk has gone through a few profits warnings and its share price has halved. Thus, during the last few months MHK has been added to our largest holdings. 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. MHK's shares trade at approximately 10 times our estimates of Mohawk's earnings for next year and we believe that its collection of flooring assets is attractive for the long term investor. We put particular emphasis on the 'jockey' and meeting Mr Lorberbaum has reminded us of Warren Buffett... but his circle of competence relates to flooring, globally!

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.

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 %	November 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.3	-3.2	-2.8	14.4	17.7	102.7
Percentage growth (O acc)	%		Share price as at 30 November 2018			
30 Sep 2017 – 30 Sep 2018	1.8		O accumulation			
30 Sep 2016 – 30 Sep 2017	14.2		O income			
30 Sep 2015 – 30 Sep 2016	3.9		C accumulation			
30 Sep 2014 – 30 Sep 2015	-0.4		C income			
30 Sep 2013 – 30 Sep 2014	4.3					

Source: Ruffer LLP, FTSE International (FTSE) †

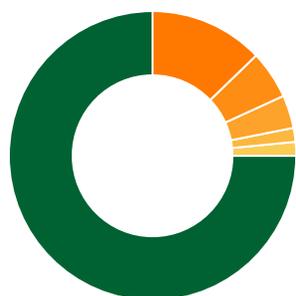
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Equity & General Fund as at 30 Nov 2018

Portfolio structure



Asset allocation	%		%
● Gold and gold equities	5.6	● North America	24.7
● Options and protection	1.7	● UK equities	19.7
● Illiquid strategies	0.1	● Europe equities	12.3
● Cash	25.7	● Australasia	6.9
		● Japan equities	3.2



Currency allocation	%
● Sterling	75.1
● US dollar	12.7
● Gold	5.5
● Yen	1.7
● Euro	1.4
● Other	3.6

10 largest of 79 equity holdings

Stock	% of fund	Stock	% of fund
Runge	6.9	Jefferies	2.3
Science Group	6.0	Driver	2.0
iShares Physical Gold	4.7	Milestone Japan Value Fund	2.0
Vivendi	3.6	ExxonMobil	1.7
Tortoise MLP Fund	2.6	GlaxoSmithKline	1.7

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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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 **£131.9m**

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	0.10
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month	
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month	
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 and General Fund.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2018, assets managed by the Ruffer Group exceeded **£21.5bn**.

Dealing line

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