

CF Ruffer Equity & General Fund

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



During the month, the fund's O accumulation shares increased by 0.6%. This compared with a rise of 1.7% in the FTSE All-Share Total Return Index.

Our key challenge during the last few years has been that those expensive securities which are perceived to be 'safe' have continued to be rewarded. Shortly after Brexit, yields on the 10 year US Treasury briefly touched their lowest on record since 1790; the 10 year Japanese, German and Swiss government bonds have all been in negative territory. We have been consistently avoiding bonds and since 2013 we have sold most of their equity proxies – thus, in particular this year, we have been penalised. On the other hand, the more traditional balanced funds have done well as prices of both bonds and equities have appreciated. But rarely do we get a market that we know is over-valued and which has approached clearly defined limits. This is the current situation in the bond market – there is a limit to how negative bond yields can go. If interest rates rise somewhat more than is discounted in the yield curve, there could be a significant, negative impact on bond prices. As interest rates have declined since the financial crisis, the effective 'duration' of all assets has lengthened; thus, it is likely that asset prices are very sensitive to the discount rate used to calculate the present value of their future cash flows.

Our thesis has been that the odds are high that at some point in the near future, bond prices will decline and most asset prices will follow. We got a small glimpse of this on 9 September, when bonds repriced somewhat and the stock market fell. Cross-correlations among asset classes soared and most balanced funds suffered significant losses. The damage to our portfolio was limited and this showed on the 14 September valuation of the fund. Our conservative views are expressed via REG's 'unusual' portfolio structure: a) current focus on special situations in equities with asymmetric risk-reward, b) instruments that provide insurance on falling equities and c) our high cash balance.

Subsequently to 9 September, the Fed communicated that any rate increase will be pushed out further into the future, hence, at least in the short term, bond prices recovered and equities followed. We remain cautious and have recently increased our cash balance back to c 30% – cash is part of our protection and our ammunition in falling markets.

In terms of portfolio news, Lennar, the well-run US housebuilder, made an offer to acquire WCI Communities. In April we had initiated a position in WCI, the housebuilder with strong long term fundamentals operating in Florida. The market was negatively surprised by the weaker growth, hence the stock was offered at approximately book value. This is a high quality company and we believe that the potential deal is a 'win-win' outcome for both WCI's and Lennar's investors. Finally, in September we increased our shareholding in Imperial Oil. Imperial combines high quality assets with Exxon's engineering acumen, thus a much lower cost structure – an investment case with asymmetry benefiting from higher oil price.

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 %	September 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.6	3.2	3.9	8.0	40.2	93.6

Percentage growth (O acc)	%	Share price as at 30 September 2016	p
30 Sep 2015 – 30 Sep 2016	3.9	O accumulation	383.59
30 Sep 2014 – 30 Sep 2015	-0.4	O income	355.94
30 Sep 2013 – 30 Sep 2014	4.3	C accumulation	388.39
30 Sep 2012 – 30 Sep 2013	19.4	C income	358.23
30 Sep 2011 – 30 Sep 2012	8.7		

Source: Ruffer LLP, FTSE International (FTSE)¹

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.

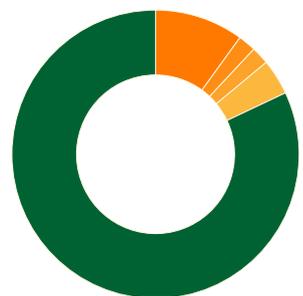
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Equity & General Fund is not registered for distribution in any country other than the UK.

CF Ruffer Equity & General Fund as at 30 September 2016

Portfolio structure



Asset allocation	%		%
• Cash	26	• North America	28
• Illiquid strategies	1	• UK equities	23
		• Europe equities	11
		• Japan equities	6
		• Australasia	5



Currency allocation	%
• Sterling	82
• US dollar	10
• Canadian dollar	2
• Euro	2
• Other	4

10 largest of 87 equity holdings

Stock	% of fund	Stock	% of fund
Runge	4.9	Hornby	2.0
Science Group	4.5	Novartis	1.9
Imperial Oil	3.0	Balfour Beatty	1.8
Groupe Bruxelles Lambert	2.2	McColl's Retail Group	1.7
Microgen	2.1	Leucadia National	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.

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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 **£161.2m**

Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.28
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.00
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 Capita Financial Managers Limited

Depository BNY Mellon Trust & Depository (UK) Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of CF Ruffer Investment Funds (OEIC)
UK domiciled UCITS
Eligible for ISAs

*Refers to accumulation shares

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 CF 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 30 September 2016, assets managed by the Ruffer Group exceeded £20.1bn, of which over £11.1bn was managed in open-ended Ruffer funds.

Dealing line

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