

# LF Ruffer Equity & General Fund

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



During the quarter, the fund's O accumulation shares gained 4.7%. This compares with an increase of 4.1% in the FTSE All-Share Total Return Index (ASXTR). During 2019, the LF Ruffer Equity & General Fund (REG) increased by 9.9%, while ASXTR gained 19.2%.

The combination of the following economic variables occurring simultaneously and consistently for a period of more than ten years since the financial crisis of 2008, has been extraordinary. Namely: the US economy growing at c2% per year (GDP), the budget deficit being c 4.5% (of GDP), with low unemployment and very little inflation (and thus extremely low interest rates). Further, the ten year bonds in many countries such as Germany, Switzerland, Japan have been trading at negative rates.

Since 2014, my view has been that the aforementioned economic environment would not be sustainable and that at least one of the variables would exhibit fragility. As such, at REG we have been positioned conservatively with 25-30% cash and hedges (put options) to protect against a significant market decline. We have avoided bonds, believing that most government bonds are trading at extreme valuations. However, the consistently very low interest rates have fed into most asset classes and hence we have worked very hard to own an idiosyncratic equity portfolio with adequate margin of safety. In 2019, the gap between valuations of the most expensive and the cheapest stocks in the US (on price to earnings multiple) was the largest since the 1920s. Capital has been flowing to the most liquid stocks that 'keep working' – the expensive stocks have been getting dearer and the cheap ones have remained undervalued. This has clearly been a difficult environment for us. By 2019 we had sold and avoided most 'momentum' driven stocks. As a consequence, last year we witnessed many of our formerly large positions keep doing extremely well with the market (eg JPMorgan shares higher by more than 40%).

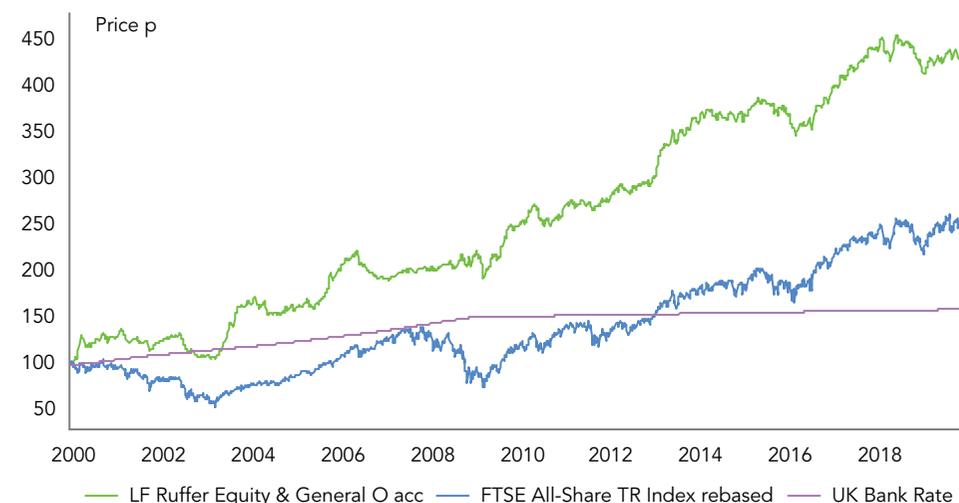
Nevertheless, this is consistent with our investment strategy: always seek to own securities characterised by asymmetric risk-reward. Clearly as markets have kept moving higher, our job has become more challenging; we have worked hard and remained intensely disciplined on identifying value, aiming at risk-adjusted returns. In 2019 our equities mainly involved special situations and exhibited approximately 22% return (gross of fees). Our gradual focus on the UK during the last 12-18 months, where value has been relatively more prevalent among global equities, has been rewarding towards the end of the year. Our historic 'alpha' has always been generated by stock selection – our equities have delivered approximately 14% annual returns (gross of fees) versus 7.4% for the ASXTR (attribution data from November 2010 to December 2019).

REG seeks to generate equity-like returns over the long term, take less risk than the market and avoid permanent loss of capital. During the period we have managed REG (from the beginning of 2008 to the end of 2019) the return has been 122.3% versus 99% for the ASXTR. The result over the last 12 years has been a portfolio with relatively low volatility (approximately half that of the market). REG should be seen as a vehicle to invest in equities via a conservatively balanced, opportunistic, long term value-based approach – your manager has his pension in the fund.

## 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 %	Q4	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	4.7	9.9	9.9	14.3	23.3	81.0

Percentage growth (O acc)	%	Share price as at 31 December 2019	p
31 Dec 2018 – 31 Dec 2019	9.9	O accumulation	457.94
31 Dec 2017 – 31 Dec 2018	-6.5	O income	423.98
31 Dec 2016 – 31 Dec 2017	11.2	C accumulation	468.20
31 Dec 2015 – 31 Dec 2016	7.8	C income	429.05
31 Dec 2014 – 31 Dec 2015	0.1		

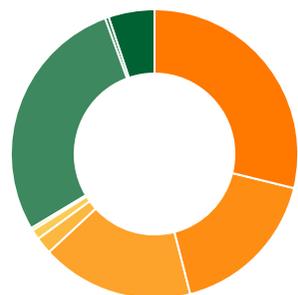
Source: Ruffer LLP, FTSE International (FTSE) †

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.

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 Dec 2019

## Portfolio structure



Asset allocation	%		%
● Gold and gold equities	5.1	● UK equities	28.5
● Options and protection	0.5	● North America	17.1
● Cash	27.6	● Europe equities	16.9
		● Japan equities	2.0
		● Australasia	1.0
		● Asia ex-Japan equities	0.4



Currency allocation	%
● Sterling	79.6
● Gold	5.8
● Euro	4.7
● US dollar	3.8
● Yen	2.0
● Other	4.1

## 10 largest of 84 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	8.1	Balfour Beatty	2.2
iShares Physical Gold	3.6	Fairfax Financial	2.2
Vivendi	2.6	Scandinavian Tobacco	2.1
Zegona Communications	2.5	Attraqt	1.9
ExxonMobil	2.2	Milestone Japan Value Fund	1.8

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

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 **£162.3m**

## 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	0.19	0.49
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

† © FTSE 2020. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## 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 30 November 2019, assets managed by the Ruffer Group exceeded £19.8bn.

## Dealing line

0345 601 9610

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL  
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2020