

# 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 fell by 3.4%. This compares with a decline of 3.7% in the FTSE All-Share Total Return Index. During 2018, the LF Ruffer Equity & General Fund (REG) declined by 6.5%, while the FTSE All-Share Total Return Index fell by 9.5%. 2018 was the first year I have lost money since I started managing REG in late 2007. Many expensive stocks became more expensive as 'perceived safety' was rewarded (mainly solid business models which have 'consistently' shown growth). 'Value' was not appreciated as many seemingly undervalued stocks became significantly cheaper. 2018 reminded us of 2015: they were both characterised by the outperformance of expensive quality stocks driven by momentum, and by 'value' (often involving out of favour cyclical sectors) not protecting on the downside. The key negative for REG last year was the lack of 'winners'. Our annual attribution has been quite clear: every year since 2010 (when our detailed data mining starts) we have consistently produced a number of winners, even in difficult years for global markets such as 2011 and 2015. This was not the case in 2018, very few stocks made us money and many of our undervalued stocks became even cheaper.

Our historic 'alpha' has been generated by stock selection. REG has been active in a variety of areas, from risk adjusting its equity positions, being opportunistic in finding value among global equities, and investing in companies of all sizes. Our equities have delivered approximately 14% annual returns (gross of fees) versus 6.9% for the FTSE All Share Total Return Index (attribution data from November 2010 to December 2018).

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 2018) the return has been 102.4% versus 67% for the FTSE All-Share Total Return. The result over the last 11 years has been a portfolio with relatively low volatility (approximately half that of the market). Although we have sought to preserve capital, there has always been the likelihood that we would lose money at some point, as we did last year. This is an interesting time for us. We have been intensely looking into many businesses, accumulating knowledge over the years for exactly such a period of falling shares prices. As always, we aim to protect our portfolio but it is also now critical to be allocating capital to mispriced stocks, thus, planting the seeds for future performance. Hence, during the last part of 2018, in line with our investment approach, we have been gradually adding capital to many of our existing holdings and initiating new positions. 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. REG should be seen as a vehicle to invest in global equities via a conservatively balanced, opportunistic, long term value-based approach. 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 added to his holding.

In future, this report will be published on a quarterly rather than monthly basis.

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 %	December 2018	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares		-3.4	-6.5	-6.5	12.1	13.4	88.5
<b>Percentage growth (O acc)</b>		<b>%</b>					
31 Dec 2017 – 31 Dec 2018		-6.5					
31 Dec 2016 – 31 Dec 2017		11.2					
31 Dec 2015 – 31 Dec 2016		7.8					
31 Dec 2014 – 31 Dec 2015		0.1					
31 Dec 2013 – 31 Dec 2014		1.0					

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.

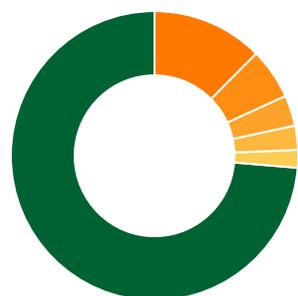
Share price as at 31 December 2018	p
O accumulation	416.81
O income	386.72
C accumulation	424.87
C income	391.31

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

## Portfolio structure



Asset allocation	%		%
● Gold and gold equities	5.8	● North America	23.5
● Options and protection	2.9	● UK equities	19.7
● Illiquid strategies	0.1	● Europe equities	12.8
● Cash	25.4	● Australasia	7.3
		● Japan equities	2.5



Currency allocation	%
● Sterling	73.6
● US dollar	12.5
● Gold	5.8
● Yen	2.5
● Euro	2.1
● Other	3.5

## 10 largest of 82 equity holdings

Stock	% of fund	Stock	% of fund
Runge	7.3	Milestone Japan Value Fund	2.0
Science Group	6.4	Driver	1.9
iShares Physical Gold	4.6	Jefferies	1.8
Vivendi	3.6	Mohawk Industries	1.5
ExxonMobil	2.1	DowDuPont	1.5

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 **£125.5m**

## 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

† © FTSE 2019. '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 2018, assets managed by the Ruffer Group exceeded £21.1bn.

## 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 2019