

# 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 rose by 3.8%. This compares with an increase of 6.4% in the FTSE All-Share Total Return Index.

In September 1970, Milton Friedman wrote an important article in the New York Times titled 'The Social Responsibility of Business is to Increase its Profits'. Friedman summarised his thoughts by stating 'there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits.' The last 48 years have seen the gradual acceptance of Friedman's principles. In particular, since the crisis of 2008, cutting costs and enhancing profitability have been the clear focus of the average CEO. American businesses are the envy of the world. Companies are as efficient as they have ever been, returns on equity are high and profit margins are at record levels. The concept of shareholder value has never been accepted so widely and we have been sharing our thoughts on this during the last two years. The danger for all investors is that while Friedman's principles have been accepted as the roadmap for CEOs, their value to the broader society is being questioned. The debate is now taking place more broadly – even amongst hedge fund managers and 'disruptive' entrepreneurs with Richard Branson most recently arguing 'Milton Friedman had the right idea of saying profit is important, but he should have added 'Your people are important. Your culture is important. The moral way that you run your company is important. Your responsibility to society is important.'"

While this bull market has been one of the longest in history and clearly stocks are not cheap, it is interesting that sentiment is still not ebullient. We worry about the broader impact of 'shareholder value' to the fabric of western societies, in particular when the next recession takes place. We also worry about the consequences of the 'rise of the strongman' as Time magazine describes. In many regions of the world, for example, in Hungary, Russia, Philippines, Turkey, possibly in China and even in the US tough talking 'strongmen' promise to protect 'us' from 'them'. Populism and social division, a rather different era from the last many years of globalisation, in particular since the fall of the Berlin Wall, worry us.

Consequently, we have recently initiated a position in gold bullion. It is unusual for us because gold is not a productive asset and we cannot value it. Nevertheless, we view gold as insurance against extreme outcomes. Currently, as the market thinks that interest rates are going higher, gold is not popular. We have started building a position with a three year view.

The phenomenon of activist shareholders continues to gain momentum and in a world of very low interest rates, where financial engineering attracts interest, many businesses are being attacked. More recently Telecom Italia (TI), a new investment for us, attracted Elliott, the US activist. The irony is TI has new leadership under a very talented and experienced CEO, Amos Genish, who aims to reduce costs, improve cash flow and drive shareholder returns. We bet on Mr Genish to restructure TI, but Elliott's involvement has probably weakened his position, while it has enhanced speculation very quickly, pushing TI's share price higher. Thus, the investment case has become more fragile, our margin of safety has now declined and we have taken profits reducing our shareholding.

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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.8	0.4	6.8	16.0	31.8	114.7

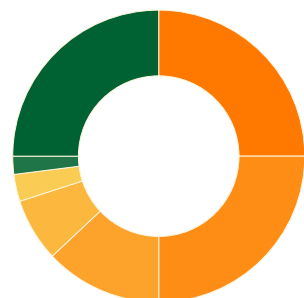
Percentage growth (O acc)	%	Share price as at 30 April 2018	p
31 Mar 2017 – 31 Mar 2018	4.8	O accumulation	447.52
31 Mar 2016 – 31 Mar 2017	13.5	O income	415.22
31 Mar 2015 – 31 Mar 2016	-5.5	C accumulation	455.26
31 Mar 2014 – 31 Mar 2015	2.2	C income	419.72
31 Mar 2013 – 31 Mar 2014	10.8		

Source: Ruffer LLP, FTSE International (FTSE)

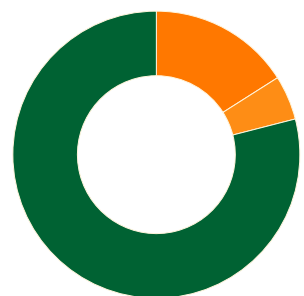
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Equity & General Fund as at 30 April 2018

## Portfolio structure



Asset allocation	%
• North America	25
• UK equities	25
• Europe equities	13
• Australasia	7
• Japan equities	3
• Gold and gold equities	2
• Cash	25



Currency allocation	%
• Sterling	79
• US dollar	16
• Other	5

## 10 largest of 82 equity holdings

Stock	% of fund	Stock	% of fund
Runge	6.6	GlaxoSmithKline	2.4
Science Group	6.2	Balfour Beatty	2.3
Vivendi	3.1	Idox	2.3
Imperial Oil	2.6	iShares Physical Gold	2.0
Leucadia National	2.5	ExxonMobil	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 **£145.4m**

## 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	Grant Thornton UK 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 30 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn was managed in open-ended Ruffer funds.

## Dealing line

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