

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 rose by 2%. This compares with an increase of 3.3% in the FTSE All-Share Total Return Index.

The combination of the following variables occurring at the same time for a sustained period has been extraordinary: the US economy exhibiting solid growth of c 3% per year (GDP), while the budget deficit is c 5% (of GDP) with very little inflation (and thus extremely low interest rates). The ten year bonds in many countries such as Japan, Germany, Switzerland, are trading at a negative rate and there is more than \$13 trillion of government debt around the world at negative rates. At REG we avoid bonds, we think that most government bonds are trading at extreme valuations. Nevertheless, the very low interest rates feed into most asset classes. Within equities the growth/quality franchises currently trade at very high multiples. The gap between valuations of the most expensive and the cheapest stocks in the US (on price earnings multiple) is the largest since the 1920s. Capital is flowing to the most liquid stocks that 'keep working' – the expensive stocks are getting dearer and the cheap ones remain undervalued. This is clearly a difficult environment for us. For example, for many years since 2007 a large percentage of REG was allocated to many of the quality staples such as Nestle and Procter & Gamble. These are businesses we know well, but we have been selling them since 2013/4 as we thought that their valuation did not offer asymmetric risk reward. But the market has been rewarding earnings stability, their valuation multiples have been expanding consistently and this year they have been one of the best performing sectors. Nevertheless, even if the near term is painful, we aim to avoid expensive securities – we always need enough cushion: our estimate of the business value has to be significantly higher than the market price.

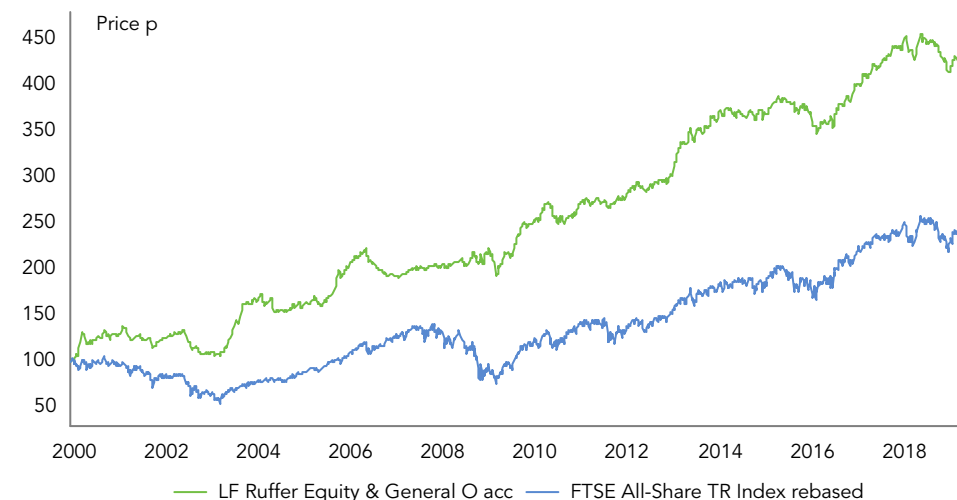
While the market currently favours the large liquid stocks, the more illiquid securities have become less popular, in particular in the UK. We expect that illiquid stocks will behave in a more volatile manner and we accept volatility if we can identify deeply mis-priced investment opportunities. Currently many solid small businesses are characterised by asymmetric risk reward. For example, the shares of one of our largest positions, Science Group (SAG), the R&D consultancy which has significant property value and net cash, have been roughly at the same level during the last two years. SAG's earnings have been building and hence the stock has de-rated significantly. We are patient and back the chairman, Martyn Ratcliffe, an entrepreneur with a unique combination of operational acumen and focus on capital allocation, to make SAG a significantly larger business over time. Further, we recently bought ATTRAQT, a software business with high recurring revenue focusing on products for online retailing. We back the experienced new CEO, Luke McKeever and the chairman, Nick Habgood, the hands-on successful investor with 'skin in the game'. To be clear, we love identifying undervalued securities; size is not the consideration. We have been buying Fairfax, the c \$15bn mini Berkshire, currently trading at approximately book value. We have been fans of Mr Watsa for almost 15 years. We admire his entrepreneurial acumen, his ability to buy businesses and his contrarian, long term investment approach.

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 %	Q2	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.0	4.3	-3.4	21.4	17.5	100.1

Percentage growth (O acc)	%	Share price as at 28 June 2019	p
30 Jun 2018 – 30 Jun 2019	-3.4	O accumulation	434.78
30 Jun 2017 – 30 Jun 2018	7.1	O income	403.40
30 Jun 2016 – 30 Jun 2017	17.4	C accumulation	443.84
30 Jun 2015 – 30 Jun 2016	-6.4	C income	408.79
30 Jun 2014 – 30 Jun 2015	3.4		

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 28 Jun 2019

Portfolio structure



Asset allocation	%		%
● Gold and gold equities	5.0	● UK equities	21.4
● Options and protection	4.0	● North America	20.1
● Cash	29.2	● Europe equities	12.6
		● Australasia	5.3
		● Japan equities	2.0
		● Asia ex-Japan equities	0.4



Currency allocation	%
● Sterling	76.4
● US dollar	5.7
● Gold	5.6
● Euro	5.1
● Yen	2.0
● Other	5.2

10 largest of 94 equity holdings

Stock	% of fund	Stock	% of fund
Runge	5.3	Balfour Beatty	1.8
Science Group	5.2	ATTRAQT	1.8
iShares Physical Gold	3.5	Milestone Japan Value Fund	1.6
Vivendi	2.5	Fairfax Financial	1.5
ExxonMobil	2.0	Zegona Communications	1.5

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 **£164m**

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 May 2019, assets managed by the Ruffer Group exceeded £20.6bn.

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