

LF Ruffer Equity & General Fund

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



September 2019 Issue 196

During the quarter, the fund's O accumulation shares rose by 0.6%. This compares with an increase of 1.3% in the FTSE All-Share Total Return Index.

There is more than \$17 trillion of government debt around the world trading at negative yields. Within REG we avoid bonds, we think that most government paper is trading at extreme valuations. Nevertheless, these very low interest rates feed into most asset classes. Within equities growth/quality franchises are currently trading at very high multiples. The proliferation of passive investing via the growth of exchange traded funds (ETFs) has driven huge capital inflows to certain stocks during the last few years. More and more 'investors' express their views via ETFs and this means that stocks are bought without any detailed fundamental analysis. Even though the underlying owners know little about the business, as share prices have continued to go higher, more capital chases momentum strategies. 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. Within REG we aim to avoid ETF owned stocks and we think that at some point when markets correct and ETFs face redemptions, it is probable that we will see significant declines in the share price of the popular/ETF owned securities.

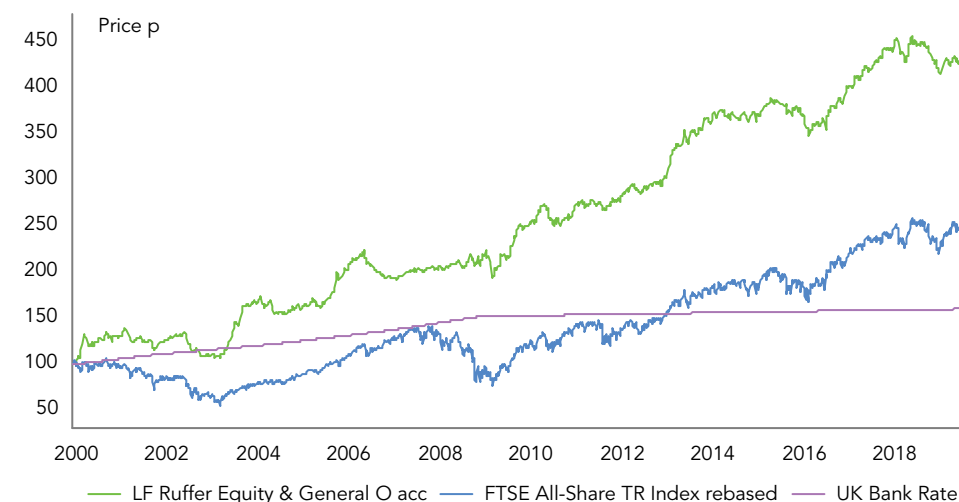
Our stock selection focuses mostly on idiosyncratic ideas. While the market favours the large, liquid stocks, the more illiquid securities have become less popular, in particular in the UK. Currently many solid small businesses are characterised by asymmetric risk reward. For example, the shares of one of our largest positions, Science Group (SAG), the research and development consultancy which has significant property value and net cash, have been roughly at the same level during the last two years while SAG's earnings have been building. Hence the stock has 'de-rated' significantly and we have been gradually adding to our shareholding. The most recent acquisition is likely to be transformative, SAG remains cash generative and is becoming a more diversified business. We 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. Furthermore, we have increased our shareholding in Balfour Beatty (BBY). Leo Quinn, a very experienced CEO who has successfully led many turnarounds, has wisely focused on margins (and not revenue growth), and thus has been gradually rebuilding the earnings power of BBY's construction franchise in the US and the UK. BBY has net cash on its balance sheet and while most of its peers are struggling, it is a much stronger business than its market price implies. Finally, we have allocated capital to Titan Cement International. This is a well-run cement producer, a family business which was founded in 1902 in Greece, but currently more than 70% of its profitability comes from the US. If demand in Greece improves to the level before the crisis, Titan's profits could increase by more than 60%. This may take time to materialise but the new government in Athens is making solid steps to enhance economic growth –Titan is characterised by asymmetric risk reward.

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 %	Q3	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.6	4.9	-1.9	14.0	18.0	75.0

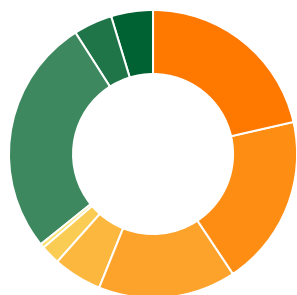
Percentage growth (O acc)	%	Share price as at 30 September 2019	p
30 Sep 2018 – 30 Sep 2019	-1.9	O accumulation	437.39
30 Sep 2017 – 30 Sep 2018	1.8	O income	404.95
30 Sep 2016 – 30 Sep 2017	14.2	C accumulation	446.85
30 Sep 2015 – 30 Sep 2016	3.9	C income	409.48
30 Sep 2014 – 30 Sep 2015	-0.4		

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 30 Sep 2019

Portfolio structure



Asset allocation	%		%
● Gold and gold equities	4.7	● UK equities	21.4
● Options and protection	4.3	● North America	19.1
● Cash	26.8	● Europe equities	15.7
		● Australasia	5.4
		● Japan equities	2.2
		● Asia ex-Japan equities	0.4



Currency allocation	%
● Sterling	78.3
● US dollar	5.4
● Gold	5.4
● Euro	5.1
● Yen	2.2
● Other	3.7

10 largest of 84 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	6.5	ATTRAQT	2.0
Runge	5.4	Balfour Beatty	2.0
iShares Physical Gold	3.1	Scandinavian Tobacco	1.8
Vivendi	2.8	Milestone Japan Value Fund	1.7
ExxonMobil	2.6	Barrick Gold	1.6

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 **£154.1m**

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 August 2019, assets managed by the Ruffer Group exceeded £20.7bn.

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