

LF Ruffer Equity & General Fund

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



March 2021 Issue 202

During the quarter LF Ruffer Equity & General Fund (REG)'s O accumulation shares gained 8.6%. This compares with an increase of 5.2% in the FTSE All-Share Total Return Index.

In 2020, the US Federal Reserve's unprecedented intervention, triggered by the covid crisis, reinforced the dynamics of the last few years: bonds and expensive stocks became even more expensive while 'value' kept lagging further. While the Fed's policies have led to market participants embracing risky behaviour, we stuck to our principles: continuing to invest in undervalued companies, avoiding 'concept' stocks and hedging market risk (via index puts). Having the 'capacity to suffer' has been an important part of our investment process, clearly easy to talk about but harder to endure patiently. It has been most important to keep our focus on our investment process and methodically follow our discipline, always focusing on asymmetric risk-reward. We argued that as 'value' had significantly underperformed 'growth' during the last many years, based on history, it was likely that sooner or later mean reversion would take place.

During the last few months, 'value' has started to perform better and the market has become less bifurcated (the difference between the expensive and cheap stocks has become less intense). Nevertheless, the market is still offering undervalued stocks. More recently, we have been doing work in the out of favour, 'index-linked like' equities – at current prices they probably complement REG's broader 'value' portfolio. For example, in February we bought Unilever. Margins are high, this is probably the result of the 3G approach a few years ago. It underwent something of a reset during the covid crisis, but margins are probably still higher than they should be. Nevertheless, this is a fine business and assuming global growth, strength in emerging markets will significantly help the top line, and operational gearing is likely to drive profitability over time. Furthermore, if the business does not perform, the stock is likely to attract activism, in particular after the abolition of the dual listing (it could be argued the business is too complex, thus, it would not be surprising to see Unilever follow Nestle and Pernod's path with activists). Importantly the c 4% dividend is most probably safe: the lower this 'out of favour' stock goes, the better.

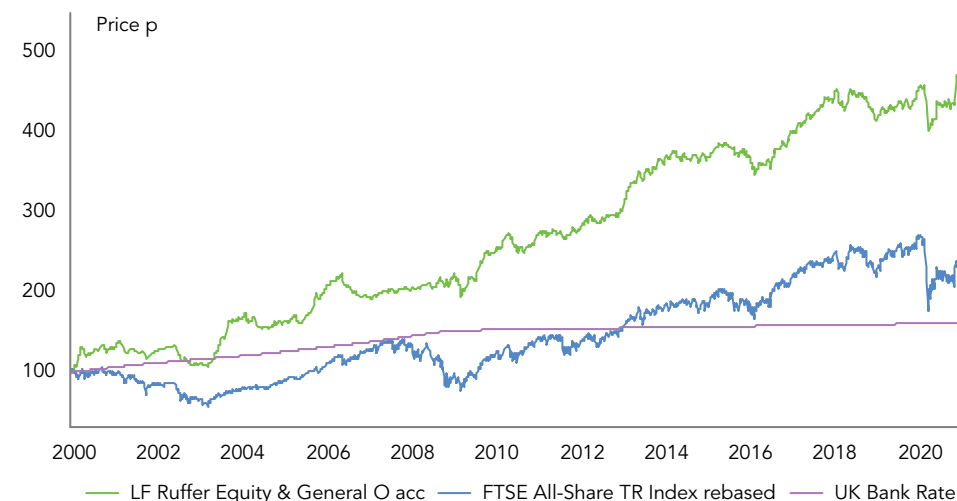
In addition to looking into out of favour sectors, our equity selection focuses on special situations/ restructurings. Science Group, Balfour Beatty, Vivendi, RPMGlobal are a few examples where the management has been a significant shareholder and has made a difference. During 2021, our investment in Zegona has paid off. This has been an illiquid holding company, run by talented managers, giving us direct exposure at a significant discount to the restructuring of Euskaltel, the Spanish cable operator. The need for consolidation has been discussed in Spain for a while, and in March, Masmovil made a cash offer to take Euskaltel private.

With bonds increasingly vulnerable and stock markets at worryingly high levels, our portfolio structure is increasingly appealing. Your manager has his pension in the fund and this is exactly how we think about it – long term. In a macro environment characterised by a very wide range of potential outcomes, REG is about investing in equities with margin of safety.

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



O accumulation shares	Performance %	Share price as at 31 March 2021	p
Q1	8.6	O accumulation	522.15
Year to date	8.6	O income	483.42
1 year	29.6	C accumulation	535.84
3 years	21.1	C income	490.06
5 years	44.1		
10 years	90.0		

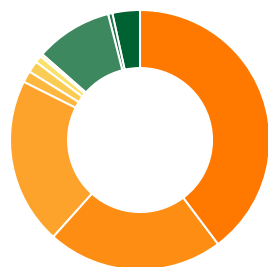
12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer Equity & General O acc	13.5	4.8	-1.1	-5.5	29.6
FTSE All-Share TR Index rebased	22.0	1.2	6.4	-18.5	26.7
UK Bank Rate	0.3	0.4	0.7	0.7	0.1

Source: Ruffer LLP, FTSE International (FTSE) †

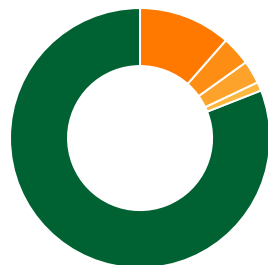
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Equity & General Fund as at 31 Mar 2021

Portfolio structure



Asset allocation	%		%
● Gold and gold equities	3.4	● UK equities	39.8
● Options and protection	0.6	● Europe equities	21.8
● Cash	9.6	● North America	20.7
		● Japan equities	1.6
		● Japan index-linked	1.3
		● Australasia	0.9
		● Asia ex-Japan equities	0.3



Currency allocation	%
● Sterling	80.9
● US dollar	11.5
● Gold	3.5
● Yen	2.9
● Other	1.2

10 largest of 105 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	7.4	iShares Physical Gold	2.0
Titan Cement	6.7	Serco Group	2.0
Zegona Communications	2.5	ExxonMobil	1.9
Attraqt	2.5	Balfour Beatty	1.9
Coty	2.1	Berkshire Hathaway	1.8

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

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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.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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.

Fund size **£175.2m**

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	0.16
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	O class GB0009346718 (acc) GB0009340802 (inc)	C class 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 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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