

# CF Ruffer Equity & General Fund

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



November 2015 Issue 156

During the month the fund's O accumulation shares decreased by 0.3%. This compared with a rise of 0.6% in the FTSE All-Share Total Return Index.

The sharp decline in commodities has had a negative effect on emerging market growth and the combination of weaker commodity-related demand and the stronger dollar are causing strain to the industrials. The deflationary environment is exacerbated by the European and Japanese quantitative easing programmes. The question is whether the stronger consumer in the developed markets can override the propagating deflationary forces or not. This cycle has been unusual due to the huge influence of the central banks, thus it is hard to have strong views on the macro, other than to reiterate that the financial system remains unstable while valuations in global equities offer low margins of safety.

Liquidity is a state of confidence and the fixed income market is laying the foundations to become increasingly illiquid. Investment banks are reducing their inventories due to the stricter regulatory regime and the higher risks in the credit markets at the current, high, level of valuations. The effects of illiquidity are likely to also affect equities. It is probably a question of 'when' not 'if', we see stock prices being marked down much lower due to structurally more illiquid markets. We can neither time nor fight the probability of illiquid markets at some point in the near future. Our line of defence is the detailed knowledge of the micro: we should know our businesses as well as possible in order to reduce the negative effect that lower share prices may have on perceptions of fundamentals.

We believe that, currently, lower quality businesses are the more attractive stocks – in general the perceived safety of most quality businesses is priced too dear and hence it implies lower safety in the stock. Consistent to our history managing REG since 2007, we have been attracted by out of favour sectors and special situations. The latter have been our 'bread and butter' while during the last year the former involved commodity-related sectors. As the price of oil, which seems to influence most commodities, continues to decline, our direct and indirect commodity exposures have been challenged. Despite this, we continue to see value in our global cyclicals. The more the 'short commodities/cyclicals, buy Google/Facebook/Amazon' trade continues, the more value we see in the former, at least relative to the global equity universe.

Clearly, the overcapacity situation in commodities needs to correct in order for the industry to become more interesting. An area which historically has suffered from significant overcapacity but is now becoming more balanced is shipping. This is an intensely interesting part of the market where rates, in certain sectors, are not covering expenses. Share prices are collapsing but the excesses of the past are correcting and the worse the short-term fundamentals, the more promising the future. The key is to choose the right management; so far in our investing experience, we have made our biggest mistakes by selecting businesses where we had doubts about the 'jockey' and vice-versa, our successes have always involved backing the right people – please stay tuned, we wish for lower share prices as we keep buying part of the best 'captain'.

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 CF Ruffer Investment Funds is a UK UCITS. The CF 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 %         | November 2015 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|---------------|--------------|--------|---------|---------|----------|
| O accumulation shares | -0.3          | 1.5          | 0.9    | 26.2    | 43.8    | 88.3     |

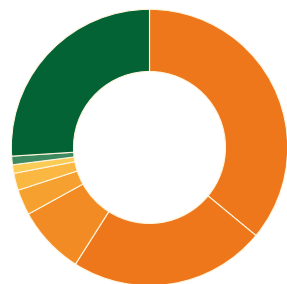
| Percentage growth (O acc) | %    | Share price as at 30 November 2015 | p             |
|---------------------------|------|------------------------------------|---------------|
| 30 Sep 2014 – 30 Sep 2015 | -0.4 | <b>O accumulation</b>              | <b>377.09</b> |
| 30 Sep 2013 – 30 Sep 2014 | 4.3  | <b>O income</b>                    | <b>349.88</b> |
| 30 Sep 2012 – 30 Sep 2013 | 19.4 | <b>C accumulation</b>              | <b>380.86</b> |
| 30 Sep 2011 – 30 Sep 2012 | 8.7  | <b>C income</b>                    | <b>351.27</b> |
| 30 Sep 2010 – 30 Sep 2011 | 6.5  |                                    |               |

Source: Ruffer LLP

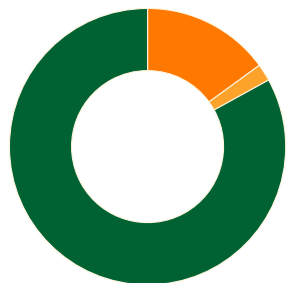
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Equity & General Fund as at 30 November 2015

## Portfolio structure



| Asset allocation         | %  |                       | %  |
|--------------------------|----|-----------------------|----|
| • Cash                   | 26 | • North America       | 36 |
| • Gold and gold equities | 1  | • UK equities         | 23 |
|                          |    | • Europe equities     | 8  |
|                          |    | • Australasia         | 3  |
|                          |    | • Japan equities      | 2  |
|                          |    | • Illiquid strategies | 1  |



| Currency allocation | %  |
|---------------------|----|
| • Sterling          | 83 |
| • US dollar         | 15 |
| • Other             | 2  |

## 10 largest of 100 equity holdings

| Stock               | % of fund | Stock                         | % of fund |
|---------------------|-----------|-------------------------------|-----------|
| Leucadia National   | 3.3       | HRG Group                     | 2.4       |
| Precision Castparts | 2.9       | Continental Building Products | 2.1       |
| Science Group       | 2.8       | Groupe Bruxelles Lambert      | 2.0       |
| Hornby              | 2.8       | Coats Group                   | 1.7       |
| Runge               | 2.8       | Exxon Mobil                   | 1.7       |

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 **£194.9m**

## Fund information

| %                        | O class   | C class |
|--------------------------|---|---------|
| Ongoing Charges Figure*  | 1.58  | 1.26    |
| Annual management charge | 1.50  | 1.20    |
| Maximum initial charge   | 5.0   | 5.0     |
| Yield                    | 0.00  | 0.06    |
| 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<br>Plus forward from 10am on last Wednesday of the month to last business day of the month |         |

|       | O class                                  | C class                                  |
|-------|--|--|
| ISIN  | GB0009346718 (acc)<br>GB0009340802 (inc) | GB00B7VZQV57 (acc)<br>GB00B6Y8PL75 (inc) |
| SEDOL | 0934671 (acc)<br>0934080 (inc)           | B7VZQV5 (acc)<br>B6Y8PL7 (inc)           |

|                    |  |
|--------------------|--|
| Investment adviser | Ruffer LLP   |
| ACD                | Capita Financial Managers Limited  |
| Depository         | BNY Mellon Trust & Depository (UK) Limited   |
| Auditors           | Grant Thornton UK LLP  |
| Structure          | Sub-fund of CF Ruffer Investment Funds (OEIC)<br>UK domiciled UCITS<br>Eligible for ISAs |

\*Refers to accumulation shares

## Enquiries

|                    |  |
|--------------------|--|
| Ruffer LLP         | +44 (0)20 7963 8254                                    |
| 80 Victoria Street | rif@ruffer.co.uk                                       |
| London             |  |
| SW1E 5JL           | <a href="http://www.ruffer.co.uk">www.ruffer.co.uk</a> |

## 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 CF 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 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.4bn was managed in open-ended Ruffer funds.

## Dealing line

0345 601 9610

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.

Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2015