

LF Ruffer Equity & General Fund

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



March 2020 Issue 198

During the quarter the fund's O accumulation shares declined 12.0%. This compares with an decline of 25.1% in the FTSE All-Share Total Return Index.

In early January I met a CEO of a large American company, the rather conservative leader of this blue chip argued: 'in a world of very low interest rates, why do we have a strong balance sheet if we do not use it?' Who would have predicted the shock of the virus erasing months of demand? Even a little bit of debt is becoming a very heavy load for most businesses. The challenge for investors is that while the real world is almost shut, financial markets keep functioning, with no lockdowns.

At REG we aim to be 'surgically' adding to our equity exposure via dislocated stocks. During the sharp falls in March, we deployed some of our cash (it was c 29% before the market decline, it dropped to c 20% and after the market rallied later in the month it moved higher to c 24%). We sold most of the short-dated protection (March options) and now have the somewhat longer ones.

As the UK entered a lockdown to counter the virus, our UK portfolio (our largest geography, at c 27%) which was supposed to benefit from low valuations and from the UK leading in fiscal spending, suffered the most significant drawdown – in many cases undervalued stocks became even cheaper. We think the losses will not involve permanent loss of capital as our core holdings have strong balance sheets and capable management who will probably exploit the market dislocation.

The industrial equity ecosystem had suffered during the China tariffs and hence valuations became interesting last year. The coronavirus has increased the long-term attractiveness of many of these stocks even further, particularly as fiscal spending is likely to remain in place around the globe. Thus, we own cyclical businesses such as ExxonMobil and Titan Cement (a well-managed business which could benefit from US infrastructure spending, and is currently trading at nearly half book value). We also initiated small positions in US banks (JPMorgan, Wells, US Bancorp, M&T Bank) and reintroduced GBL to the portfolio.

At REG we love businesses and our portfolio of core managers is very carefully selected. A good example is Science Group (SAG), our largest position. We are thrilled for its success (but have recently had to trim our holding for 'technical' reasons, due to its relative size in the portfolio). SAG has significant property value and a strong balance sheet; we have backed 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. Mr Ratcliffe has always protected the downside but is also very entrepreneurial – SAG is likely to provide the UK government with innovative ventilators to counter COVID-19!

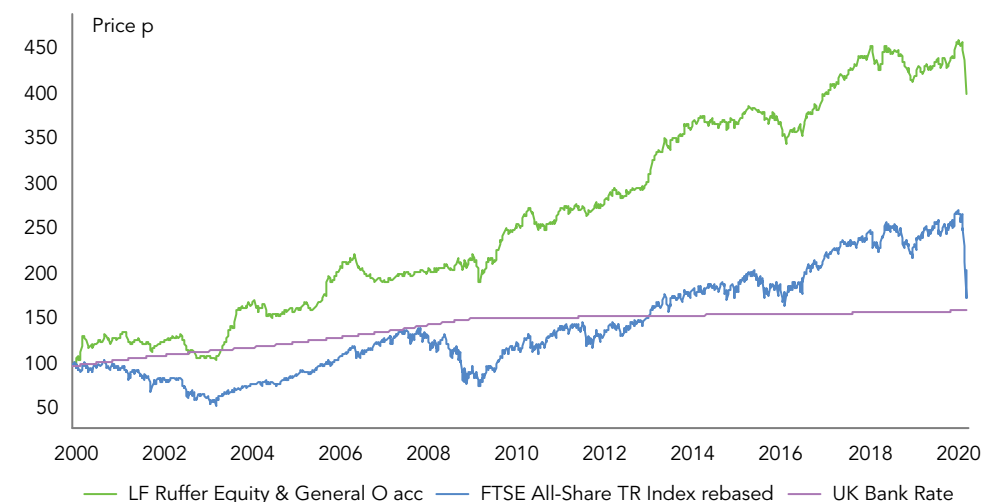
We would not be surprised if this bear market lasts for a while – we aim for REG to remain as balanced and stable as possible. We intend to be deploying our cash, gradually and opportunistically during the weaker periods of the market, buying dislocated securities. REG should be seen as a vehicle to invest in equities via a conservatively balanced, opportunistic, long term value-based approach – your manager has his pension in the fund and has recently been adding.

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.

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 %	Q1	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-12.0	-12.0	-5.5	-2.1	5.0	48.4

Percentage growth (O acc)	%	Share price as at 31 March 2020	p
31 Mar 2019 – 31 Mar 2020	-5.5	O accumulation	402.83
31 Mar 2018 – 31 Mar 2019	-1.1	O income	372.95
31 Mar 2017 – 31 Mar 2018	4.8	C accumulation	412.16
31 Mar 2016 – 31 Mar 2017	13.5	C income	377.69
31 Mar 2015 – 31 Mar 2016	-5.5		

Source: Ruffer LLP, FTSE International (FTSE) †

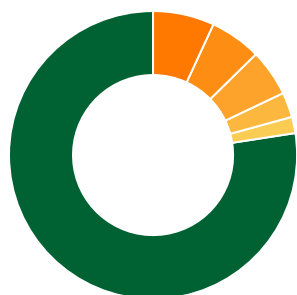
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Equity & General Fund as at 31 Mar 2020

Portfolio structure



Asset allocation	%		%
Options and protection	7.1	UK equities	27.2
Gold and gold equities	6.1	North America	17.1
Cash	23.7	Europe equities	15.7
		Japan equities	1.8
		Australasia	0.7
		Asia ex-Japan equities	0.5



Currency allocation	%
Sterling	77.4
Gold	6.9
US dollar	5.8
Euro	5.3
Yen	2.0
Other	2.8

10 largest of 87 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	7.9	Titan Cement	2.3
iShares Physical Gold	4.5	Orange	2.1
ExxonMobil	2.6	Attract	1.9
Zegona Communications	2.4	Milestone Japan Value Fund	1.8
Vivendi	2.3	Fairfax Financial	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.

Fund size **£130.4m**

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	0.22	0.55
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 29 February 2020, assets managed by the Ruffer Group exceeded £19.1bn.

Dealing line

0345 601 9610

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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