

LF Ruffer Equity & General Fund

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



June 2020 Issue 199

During the quarter the fund's O accumulation shares rose by 8.6%. This compares with an increase of 10.2% in the FTSE All-Share Total Return Index.

REG seeks to generate equity-like returns over the long-term, take less risk than the market and avoid permanent loss of capital. This year has been characterised by two very different periods: the first, to the end of March, was rather 'enjoyable' - as stocks were falling, we added to our equities. On the other hand, the more recent period since April has been more challenging.

In the last quarterly factsheet, beginning of April, we wrote that: '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.'

Since then as the markets recovered to levels higher than 2500 for the S&P500 and expecting a bear market to last for a while, I tried to keep the fund balanced with protection, aiming to be buying dislocated securities. Clearly, in retrospect, being conservative proved to be wrong. Despite the huge uncertainty and economic calamity, the actions of the Fed have been overwhelmingly powerful, and liquidity has driven the markets. Zero rates and unlimited QE have made the expensive bonds even dearer, and expensive stocks with momentum whose business activity seems to be doing well have become even more expensive. We have avoided these and focused on 'value' - unpopular stocks, mainly undervalued businesses which will benefit when/if the real economy normalises.

We have kept our protection to the broader indices - we believe they never became cheap during this correction and are currently overvalued. Nevertheless, the market has been bifurcated, and we have identified a number of stocks with asymmetric risk reward; hence our cash balance has declined to c15% (from c25% last quarter). We have recently bought Berkshire Hathaway, a business we have followed for more than 20 years and used to own in size in 2008/09. It is intriguing that a few exceptional long-term investors such as Mr Buffett have not participated in this crisis. Berkshire is made of very strong franchises (3 key pillars in insurance, railroad and utilities), Mr Buffett and 'value' are out of favour and we believe that the stock is attractively priced (the price probably does not include his 'magic'). As the insurance market seems to be hardening we also own Fairfax, Alleghany and Markel -they have all followed Berkshire's model to build solid franchises.

Given the wide range of possible outcomes during this extraordinary period, this is a time to be embracing specific micro risk while REG continues to be balanced and conservatively structured. In our view, our portfolio of carefully selected mostly 'value' equities is significantly undervalued, and sooner or later we would expect it to re-rate as economic activity normalises over time. And if markets fall, our protection should help as we use our cash further to buy dislocated stocks.

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	8.6	-4.5	0.6	4.0	14.2	73.7

Percentage growth (O acc)	%	Share price as at 30 June 2020	p
30 Jun 2019 – 30 Jun 2020	0.6	O accumulation	437.30
30 Jun 2018 – 30 Jun 2019	-3.4	O income	404.87
30 Jun 2017 – 30 Jun 2018	7.1	C accumulation	447.77
30 Jun 2016 – 30 Jun 2017	17.4	C income	410.32
30 Jun 2015 – 30 Jun 2016	-6.4		

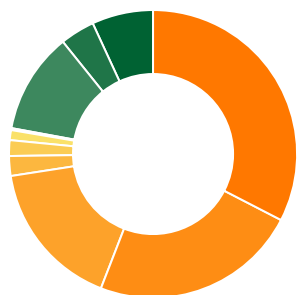
Source: Ruffer LLP, FTSE International (FTSE) †

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.

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 Jun 2020

Portfolio structure



Asset allocation	%		%
● Gold and gold equities	6.9	● UK equities	32.5
● Options and protection	3.9	● North America	23.2
● Cash	11.2	● Europe equities	16.6
		● Japan equities	2.0
		● Japan index-linked	1.9
		● Australasia	1.0
		● Asia ex-Japan equities	0.3



Currency allocation	%
● Sterling	77.1
● Gold	6.8
● Euro	5.9
● Yen	3.9
● US dollar	3.5
● Other	2.8

10 largest of 100 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	8.5	Zegona Communications	2.3
iShares Physical Gold	4.3	Milestone Japan Value Fund	2.0
Berkshire Hathaway	3.7	Balfour Beatty	1.9
Titan Cement	2.7	Fairfax Financial	1.8
Vivendi	2.6	Attraqt	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 **£135.5m**

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	0.20	0.51
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 2020, assets managed by the Ruffer Group exceeded £19.5bn.

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