LF Ruffer Equity & General Fund

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

September 2021 **Issue 204**

During the quarter, the fund's O accumulation shares decreased by 0.14%. This compares with an increase of 2.2% in the FTSE All-Share Total Return Index. The emergence of quantitative easing (QE) has been a key development for markets since 2009. The consistently low inflation and the effectiveness of QE (as tested during the financial crisis) meant that whenever markets have been weak and fears of potential deflation have appeared, the US Federal Reserve (and most other central banks) has pushed the QE button. Repetition brings familiarity ¬– as the 'mere exposure effect' in psychology describes our tendency to develop preferences for things we become familiar with. The period of covid-19 was no exception: the Fed acted forcefully and promptly, in essence pushing the familiar alarm button of QE.

Looking back to 2009, we know how the Fed will act: if markets and the economy are in danger and the usual fear of deflationary forces emerge, QE will be enacted. The bigger the crisis, the bigger the force of QE. What could break this virtuous roadmap or the 'Fed put' for markets? The obvious answer is the potential emergence of inflation. High inflation would mean that the Fed might find it harder to activate the familiar button of QE. What could significantly increase the probability of inflation? Continued increases in the oil price. The oil related business models involve annual depletion and the emergence of ESG has led to very little motive for the leadership of most oil majors/ exploration and production (E&Ps) to explore and develop future production. Thus, as most economies aim to normalise and gradually open up, the probability of higher oil prices has increased. Therefore, in addition to our shareholding in ExxonMobil, during the quarter we increased our direct oil exposure by buying Chevron and adding to our position in BP.

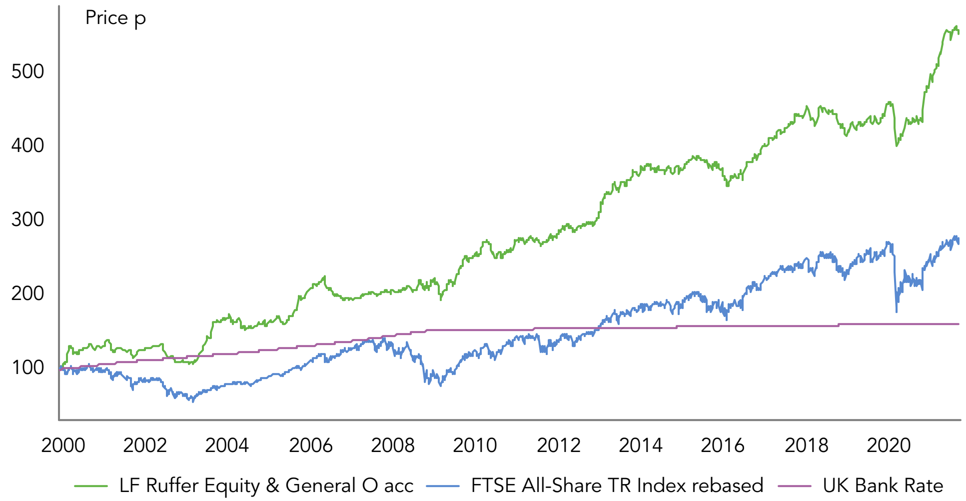
We have followed Chevron for many years. It has acted in a balanced manner, is less contrarian than ExxonMobil and is perceived to be less controversial in its environmental strategy. Chevron's capital allocation has been solid and it is offering a dividend yield of more than 5% with relatively low risk under most macro conditions. BP is probably on the other side of ExxonMobil. The former is European, thus following a relatively aggressive strategy of investing in alternative fuel initiatives but it opted for cutting its dividend during the pandemic. ExxonMobil has been the most vocal proponent of investing counter-cyclically in a falling oil market. Unfortunately under its former CEO, Rex Tillerson, capital allocation was weak (eg investments in Russia and Iraq were ill-timed) and the operational focus of ExxonMobil has been questioned during the last few years. To the current management's credit, ExxonMobil fulfilled its long term consistency to shareholders and maintained its dividend during covid-19, even though its balance sheet was stretched due to its heavy capex plans. Exxon has recently attracted activist investors, thus it is a business under pressure and facing potential change.Mobil While Exxon offers a dividend yield of c 6%, it is probably a higher risk, higher reward investment case (versus its history). At REG we intensely focus on risk adjusted returns – currently at c 5% of REG, our oil related investments are part of our hedges against a more inflationary world.

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.

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 %
Q4	-0.1
Year to date	15.3
1 year	28.6
3 years	24.3
5 years	44.6
10 years	102.7

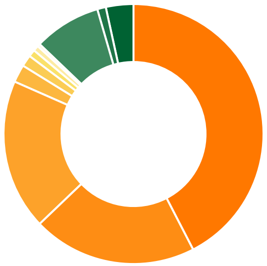
Share price as at 30 September 2021	p
O accumulation	**554.50**
O income	**512.68**
C accumulation	**569.89**
C income	**518.99**

12 month performance to September %	2017	2018	2019	2020	2021
LF Ruffer Equity & General O acc	14.2	1.8	-1.9	-1.4	28.6
FTSE All-Share TR Index rebased	11.9	5.9	2.7	-16.6	27.9
UK Bank Rate	0.2	0.5	0.8	0.4	0.1

Source: Ruffer LLP, FTSE International (FTSE) †

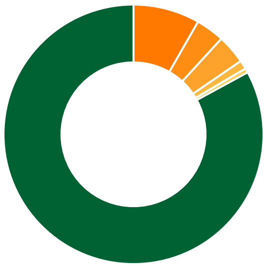
LF Ruffer Equity & General Fund as at 30 Sep 2021

Portfolio structure



Asset allocation	%
Gold and gold equities	3.4
Options and protection	1.1
Cash	8.4

	%
UK equities	42.5
Europe equities	20.3
North America	18.9
Japan equities	2.2
Japan index-linked	1.3
Australasia	1.1
Other equities	0.7
Asia ex-Japan equities	0.2



Currency allocation	%
Sterling	82.8
US dollar	8.3
Yen	3.6
Gold	3.5
Euro	1.0
Other	0.8

10 largest of 104 equity holdings

Stock	% of fund	Stock	% of fund
Science Group	8.3	Serco Group	2.0
Titan Cement	5.3	Ashmore	1.9
ExxonMobil	2.1	Jet2	1.9
iShares Physical Gold	2.1	LSL Property Services	1.8
Attraqt	2.1	Coty	1.8

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

Fund size £176.1m

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	0.14	0.42
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
	O class	C class
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
Depositary		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

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 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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