

LF Ruffer European Fund

Providing capital growth by investing in a diversified pan-European portfolio



March 2018 Issue 182

During March, the fund's O accumulation shares decreased by 2.0% from 569.66p to 558.39p. This compares to a 1.9% decrease in the FTSE Developed Europe in euro terms and a 2.8% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 74.3% at 29 March, with 1.5% in index put options and 5.1% in a FTSE 250 short exchange traded product. At 28 February, the gross figure was 74.6%, with 0.8% in index put options and 4.9% in a FTSE 250 short exchange traded product.

March was another volatile month for global equity markets with investors unnerved by rising trade tensions between the US and China, the sell-off in US technology companies ostensibly prompted by a scandal involving Facebook's use of personal data and further exacerbated by US President Trump's accusations against Amazon. The DAX was particularly hard hit by fears of a global trade war given the global footprint of German companies. The fund has been partly cushioned from these market gyrations due to its protective positions.

We have recently added two new holdings in the fund, both of which are top ten positions: Altia and GlaxoSmithKline (Glaxo). Altia, recently privatised by the Finnish government, is a leading player in the Nordic spirits and wine market. Management has set out a sensible strategy to steadily grow revenues and further improve margins by focusing on its own core spirit brands and wine portfolio, as well as strengthening strategic partnerships and continuing to drive operational efficiency. With several more Finnish companies expected to be privatised in the coming years, the government should be motivated to ensure this IPO is successful, which was reflected in an attractive initial valuation.

While bond-like equities are highly valued, some traditionally defensive sectors, including pharmaceuticals and telecommunications, are out of favour. We added a holding in Glaxo in February. The share price has been under pressure due to concerns the dividend would be cut, as well as uncertainty over increasing competition in HIV treatments. The risk of a substitutable generic version to Advair, one of its major products, being launched in the US was another factor. The past few weeks have seen Glaxo withdraw from the bidding process for Pfizer's consumer healthcare business, the main source of dividend concerns, and announce the buyout of its minority partner, Novartis, in its own consumer healthcare business. These events have provided greater clarity on the strategic direction of Glaxo and taken some pressure off the share price.

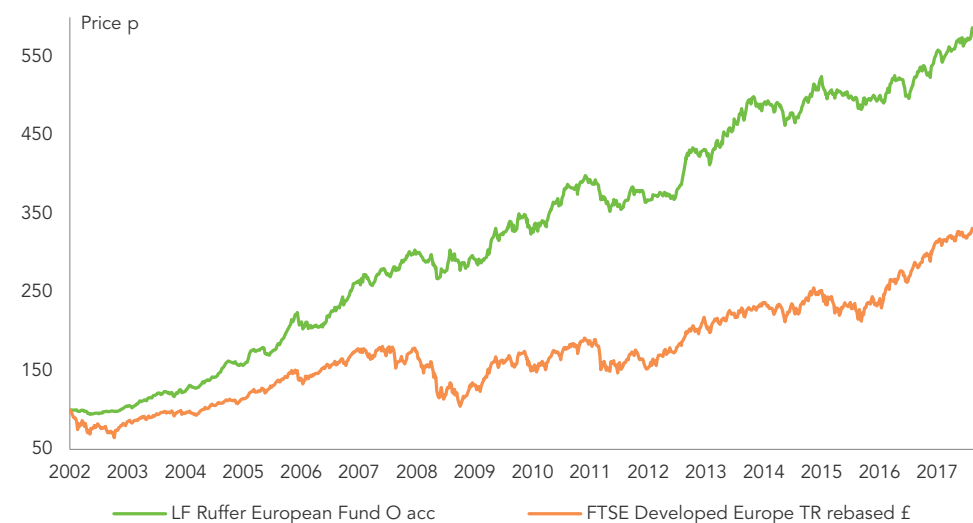
We continue to concentrate the fund in our highest conviction holdings, adding companies that are unloved or overlooked (and therefore attractively valued) and selling or reducing positions where our investment thesis has largely played out. This includes selling some long-standing positions including Comet and LEM, as well as continuing to reduce our holdings in early-stage UK companies. We initially invested in Comet in early 2013 when the core business (x-ray tubes and systems and plasma control technologies) was attractively valued with a free option on ebeam (a potential blockbuster innovation to replace chemical sterilisation, initially in liquid food packaging). We sold Comet as we consider its growth opportunities now fully valued. LEM (current and voltage transducers) has been an even longer-term holding, initially purchased in 2006, but was sold for the same reason: the valuation has become too stretched.

The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European 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 pan-European portfolio of predominantly equities, though fixed income securities may also be utilised if the Investment Manager believes they will assist in meeting the overall objective of the fund.

Performance since launch on 5 June 2002



Performance %	March 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-2.0	-2.5	6.1	11.9	30.4	88.5

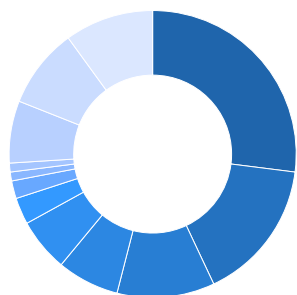
Percentage growth (O acc)	%	Share price as at 29 March 2018	p
31 Mar 2017 – 31 Mar 2018	6.1	O accumulation	558.39
31 Mar 2016 – 31 Mar 2017	6.0	C accumulation	567.94
31 Mar 2015 – 31 Mar 2016	-0.5	C income	104.77
31 Mar 2014 – 31 Mar 2015	0.4		
31 Mar 2013 – 31 Mar 2014	16.1		

Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

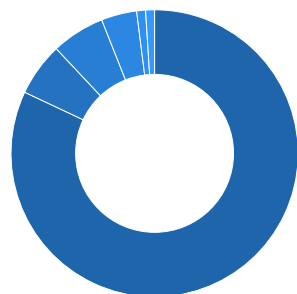
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer European Fund as at 29 March 2018

Portfolio structure



Asset allocation	%		%
• UK	27	• Italy	2
• France	16	• Finland	1
• Sweden	11	• Switzerland	1
• Germany	7	• Options	7
• Norway	6	• Cash	9
• Spain	3	• UK index-linked gilts	10



Currency allocation	%
• Sterling	82
• Norwegian krone	6
• Swedish krona	6
• US dollar	4
• Swiss franc	1
• Euro	1

10 largest holdings (1 bond and 45 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2019	10.0	Kaufman & Broad	3.2
FTSE 250 Short ETP	5.1	Yara International	3.2
Puretech Health	4.7	Altia Corp	3.2
GlaxoSmithKline	3.9	ORPEA	2.9
Autoliv	3.7	Statoil ASA	2.8

Source: Ruffer LLP

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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 £231.7m

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	0.31
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 Plus forward from 10am on last Wednesday of the month to last business day of the month	
ISIN	O class GB0031678161 (acc)	C class GB00B84JVJ48 (acc) GB00B7KNM781 (inc)
SEDOL	3167816 (acc)	B84JVJ4 (acc) B7KNM78 (inc)
Investment adviser	Ruffer LLP	
ACD	Link Fund Solutions Limited	
Depository	The Bank of New York Mellon (International) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of LF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

Dealing line 0345 601 9610

*Refers to accumulation shares

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Fund Managers

Claire Titmarsh

RESEARCH DIRECTOR

Joined Ruffer in 2005 after graduating with a first class honours degree in economics and finance. Joined the LF Ruffer European Fund team in 2011, becoming co-manager in 2016.



Simon Mountain

RESEARCH DIRECTOR

Joined the LF Ruffer European Fund team in 2013, becoming co-manager in 2016. Prior to this a strategy consultant at Bain & Company. Worked in PwC's Transaction Services practice advising on European private equity deals. Holds a Masters degree in Manufacturing Engineering from the University of Cambridge.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 March 2018, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.6bn was managed in open-ended Ruffer funds.

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