

# LF Ruffer European Fund

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



During May, the fund's O accumulation shares increased by 2.4% from 572.32p to 585.90p. This compares to a 0.3% increase in the FTSE Developed Europe in both euro terms and on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 77.2% at the end of May, with 0.9% in index put options and 7.8% in a FTSE 250 short exchange traded product. At the end of April, the gross figure was 78.4%, with 0.8% in index put options and 4.8% in the FTSE 250 short exchange traded product.

May was another volatile month for European equity markets with the return of political risk in both Italy and Spain. While the coalition between the Northern League and the Five Star Movement has now been accepted by Italy's president, after their euro-sceptic candidate for finance minister was blocked from taking up the position, it seems likely that political uncertainty is here to stay. Neither of the Italian 'populist' parties campaigned directly for a eurozone exit but their proposed policies to cut taxes and boost spending look set to put them in direct conflict with EU authorities. A diverging Italy highlights the fragilities in the structure of the eurozone and may curtail President Macron's ambitious plan to reform it. It also puts pressure on the European Central Bank as it starts to slowly exit from its quantitative easing programme at a time when growth and inflation data has started to soften. Furthermore, a loss of fiscal discipline in Italy or, more dramatically, a plan to return to the lira, could potentially trigger an Italian debt crisis.

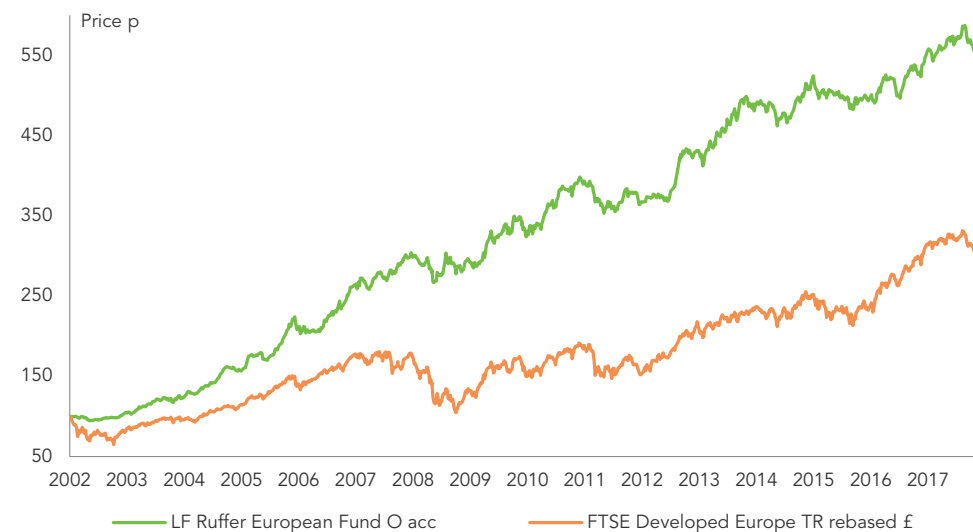
The month ended with the re-emergence of fears of a global trade war as the US imposed tariffs on steel and aluminium imports from the EU, Canada and Mexico, triggering a threatened retaliation from the EU. While we have no direct exposure to steel or aluminium in the fund, fears of a trade war impacted equity markets globally. Our protective holdings helped cushion the fund from these events.

Our three oil-related companies were major contributors to the fund's performance in May, reflecting the recent strength in the oil price. We took profit on all three positions towards the end of the month. Our top five equity positions also all performed well, led by Autoliv and GlaxoSmithKline. We attended the capital markets day of the former ahead of the spin off of its business developing electronics for advanced-driver assistance and autonomous driving, Veoneer. The outlook for both businesses remains positive. Autoliv, a world leader in airbags, seat belts and steering wheels for passenger vehicles, should see good growth and margin improvement as it converts its higher order intake in recent years into revenue. Veoneer continues to add new customers and develop its technology portfolio. We see the potential for a re-rating as the spin will allow investors to take direct positions in businesses with quite distinct profiles: Autoliv with its strong market position and cash generative nature and Veoneer with its high growth potential. This remains our largest equity position.

## 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 %	May 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.4	2.3	5.4	12.4	35.8	96.3

Percentage growth (O acc)	%	Share price as at 31 May 2018	p
31 Mar 2017 – 31 Mar 2018	6.1	<b>O accumulation</b>	<b>585.90</b>
31 Mar 2016 – 31 Mar 2017	6.0	<b>C accumulation</b>	<b>596.22</b>
31 Mar 2015 – 31 Mar 2016	-0.5	<b>C income</b>	<b>109.98</b>
31 Mar 2014 – 31 Mar 2015	0.4		
31 Mar 2013 – 31 Mar 2014	16.1		

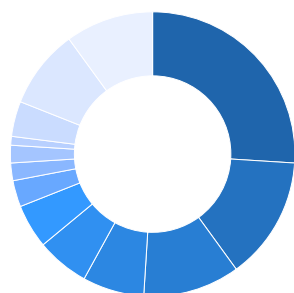
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

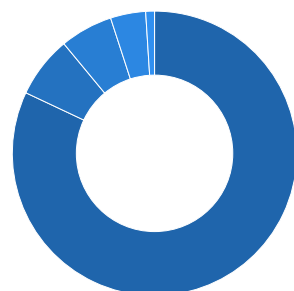
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other than the UK.

# LF Ruffer European Fund as at 31 May 2018

## Portfolio structure



Asset allocation	%		%
• UK	26	• Spain	2
• France	14	• Italy	2
• Sweden	11	• Switzerland	1
• Norway	7	• Cash	4
• Finland	6	• Options	9
• Germany	5	• UK index-linked gilts	10
• North America	3		



Currency allocation	%
• Sterling	82
• Swedish krona	7
• Norwegian krone	6
• US dollar	4
• Swiss franc	1

## 10 largest holdings (1 bond and 44 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2019	9.9	Yara International	4.0
FTSE 250 Short ETP	7.8	Altia Corp	3.5
Autoliv	5.0	Tesco	3.2
Puretech Health	4.9	ORPEA	3.2
Glaxosmithkline	4.2	Kaufman & Broad	3.1

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 £233.2m

## 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	0.29
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 May 2018, assets managed by the Ruffer Group exceeded £22.4bn, of which over £14.1bn was managed in open-ended Ruffer funds.

## Enquiries

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