

LF Ruffer European Fund

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



August 2018 Issue 187

During August, the fund's O accumulation shares increased by 1.5% from 595.34p to 604.06p. This compares to a 2.2% decline in the FTSE Developed Europe in euro terms and a 1.9% decline on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 83.9% at the end of August, with 0.2% in index put options and 7.6% in a FTSE 250 short exchange traded product. At the end of July, the gross figure was 82.8%, with 0.2% in index put options and 7.6% in the FTSE 250 short exchange traded product.

Since inception, the objective of the LF Ruffer European Fund (REF) has been to provide 'capital growth by investing in a diversified pan-European portfolio of predominantly equities'. In this report, we briefly recap what the fund aims to offer investors, our investment style and how the fund is currently positioned.

REF is a stock-picking fund. Whilst there are no constraints on the weightings of countries, sectors or company market capitalisation, in practice there are three characteristics to the fund's exposure: i) diversification across Western European countries, ii) diversification across sectors and iii) a bias towards mid-cap companies which, over the long run, we believe offer potential for superior stock-picking returns.

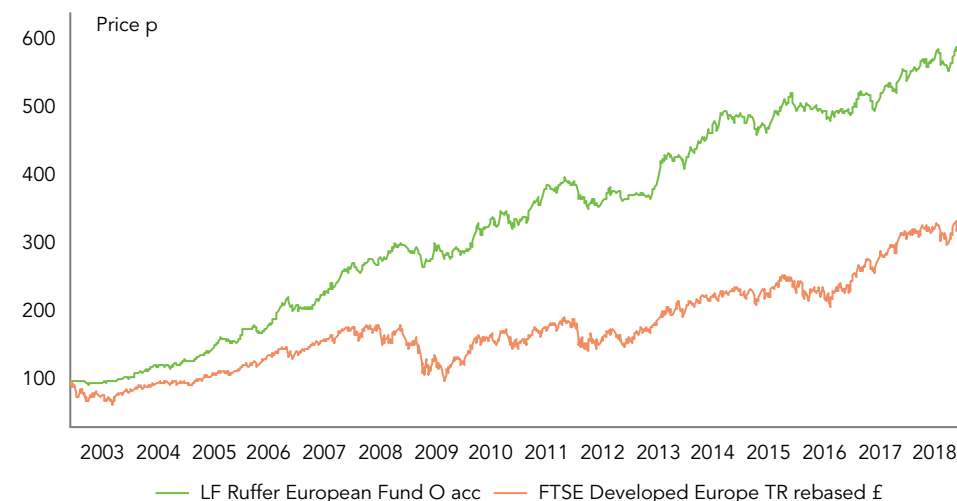
Turning to the fund's investment style, the approach to bottom-up stock-picking has remained consistent since the fund's inception and has two characteristics: a long-term investment horizon of three to five years based on fundamental analysis combined with a margin of safety afforded by modest valuations, and the objective of identifying competent company managers and a willingness on our part, if necessary, to engage collaboratively with them to unlock shareholder value. The other aspect of investment style concerns portfolio management where our objective is also twofold: firstly to construct a concentrated portfolio of best ideas where the weighting reflects our assessment of risks versus reward, and secondly, to flex the positioning of the fund (equity selection, market and currency hedges) based on Ruffer's macroeconomic and market outlook.

In recent years, as equity markets have pushed higher and the valuation of some market segments has become stretched, we have tilted the portfolio away from high quality compounders and towards special situations where we have found better value in markets as diverse as France and Finland (in contrast to less value in Germany and Switzerland) and in selected IPOs and other corporate actions. Whilst the return of market volatility in 2018 has buffeted the fund in ways not experienced for some time it is creating attractive opportunities for stock-pickers – we remain focussed on identifying and taking advantage of these.

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



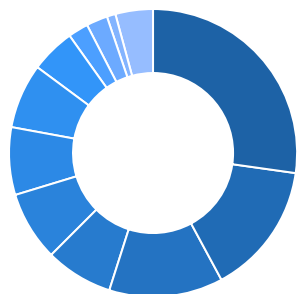
Performance %	August 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.5	5.5	8.3	20.2	39.0	103.7

Percentage growth (O acc)	%	Share price as at 31 August 2018	p
30 Jun 2017 – 30 Jun 2018	6.4	O accumulation	604.06
30 Jun 2016 – 30 Jun 2017	10.7	C accumulation	615.17
30 Jun 2015 – 30 Jun 2016	-1.6	C income	113.48
30 Jun 2014 – 30 Jun 2015	1.6		
30 Jun 2013 – 30 Jun 2014	18.5		

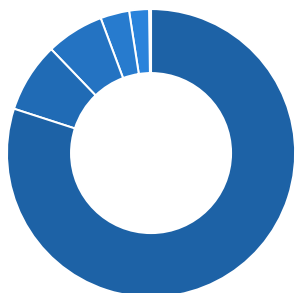
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer European Fund as at 31 Aug 2018

Portfolio structure



Asset allocation	%		%
• UK	27.2	• UK index-linked gilts	5.0
• France	14.9	• Italy	2.3
• Sweden	12.8	• Spain	2.3
• Germany	7.7	• Belgium	1.0
• Norway	7.7	• Cash	4.2
• Finland	7.6		
• Options	7.4		



Currency allocation	%		%
• Sterling	80.0	• Swiss franc	2.2
• Norwegian krone	7.7	• Euro	0.2
• Swedish krona	6.6	• Other	0.1
• US dollar	3.2		

10 largest of 55 holdings

Stock	% of fund	Stock	% of fund
FTSE 250 Short ETP	7.6	JCDecaux	3.7
Yara International	5.1	Altia Corp	3.4
PureTech Health	5.1	International Petrole	3.4
UK Treasury index-linked 0.125% 2019	5.0	ORPEA	3.3
GlaxoSmithKline	4.3	Deutsche Post	3.2

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 **£237.1m**

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	0.00	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	Ernst & Young 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 July 2018, assets managed by the Ruffer Group exceeded £22.4bn.

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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