

# LF Ruffer European Fund

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



During October, the fund's O accumulation shares declined by 6.3% from 592.49p to 555.38p. This compares to a 5.4% decrease in the FTSE Developed Europe in euro terms and a 5.8% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 87.0% at the end of October, with 9.4% in a FTSE 250 short exchange traded product. At the end of September, the gross figure was 88.0%, with 8.2% in the FTSE 250 short exchange traded product.

An equity market storm that had been steadily brewing finally broke in October sending global markets tumbling with the FTSE Developed Europe index down around 10% versus its January peak. Clouds had been gathering since early February when the spell of 'low-volatility-seemingly-ever-positive-returns' was broken. The cloud casting the darkest shadow is that of rising US interest rates, which combined with concerns over trade tariffs and their impact on global growth was the cause of market angst. So far we have only witnessed what amounts to an orderly correction. Nevertheless, the storm lashed indiscriminately with most stocks selling off quite heavily and with few safe havens in which to take cover – a harbinger of a bigger storm which is yet to break.

Navigating current market conditions is tricky. There is a tension between battening down the hatches to protect the portfolio from the storm ahead and, at the risk of mixing one too many metrological metaphors, making hay while the sun shines. We try to balance the risks by holding a portfolio of equities with different characteristics. Firstly, the majority of the fund is invested in business which can weather a storm. That is not to say the price of their securities will be unaffected by it – quite the contrary, in the first instance they will fall with the market. The key however is that they are solid businesses with strong balance sheets (eg Yara and ORPEA): their business models can survive an equity market collapse and rising interest rates – indeed in the long run some will benefit from such conditions as weaker competitors struggle. Secondly, some of these businesses are economically sensitive (eg JCDecaux and Deutsche Post) meaning they can do well if, as we expect, global economic growth is sustained well into 2019. Finally, a small proportion of the portfolio is invested in securities that are more sensitive to financial market conditions (eg Veoneer and Infant Bacterial Therapeutics) – these can do well if equity markets continue to be strong; naturally as volatility rises and storm clouds gather we reduce the fund's exposure to such investments. Whilst the fund's short-term performance is buffeted by the broader equity market our confidence in the underlying businesses enables us to take advantage of exaggerated stock price moves, deploying cash into attractively valued assets.

## 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 %         | October 2018 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|--------------|--------------|--------|---------|---------|----------|
| O accumulation shares | -6.3         | -3.0         | -2.9   | 10.4    | 21.6    | 105.7    |

| Percentage growth (O acc) | %   | Share price as at 31 October 2018 | p      |
|---------------------------|-----|-----------------------------------|--------|
| 30 Sep 2017 – 30 Sep 2018 | 4.8 | O accumulation                    | 555.38 |
| 30 Sep 2016 – 30 Sep 2017 | 8.6 | C accumulation                    | 565.88 |
| 30 Sep 2015 – 30 Sep 2016 | 3.0 | C income                          | 104.10 |
| 30 Sep 2014 – 30 Sep 2015 | 5.0 |                                   |        |
| 30 Sep 2013 – 30 Sep 2014 | 6.6 |                                   |        |

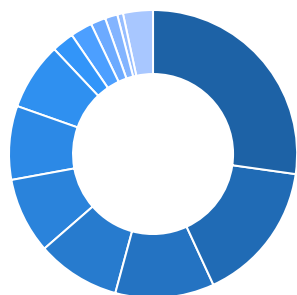
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

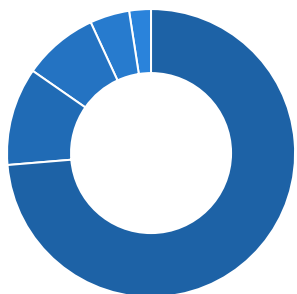
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer European Fund as at 31 Oct 2018

## Portfolio structure



| Asset allocation | %    |               | %   |
|------------------|------|---------------|-----|
| • UK             | 27.2 | • Switzerland | 2.5 |
| • France         | 15.8 | • Spain       | 2.4 |
| • Sweden         | 11.1 | • Italy       | 1.8 |
| • Options        | 9.4  | • Belgium     | 1.2 |
| • Germany        | 8.5  | • Netherlands | 0.7 |
| • Norway         | 8.4  | • Cash        | 3.4 |
| • Finland        | 7.5  |               |     |



| Currency allocation | %    |
|---------------------|------|
| • Sterling          | 73.9 |
| • Swedish krona     | 11.1 |
| • Norwegian krone   | 8.5  |
| • US dollar         | 4.5  |
| • Swiss franc       | 2.5  |
| • Other             | 0.0  |

## 10 largest of 54 holdings

| Stock              | % of fund | Stock         | % of fund |
|--------------------|-----------|---------------|-----------|
| FTSE 250 Short ETP | 9.4       | Altia         | 3.8       |
| PureTech Health    | 6.2       | ORPEA         | 3.5       |
| Yara International | 5.5       | Deutsche Post | 3.4       |
| GlaxoSmithKline    | 4.8       | Tesco         | 3.0       |
| JCDecaux           | 3.9       | Equinor       | 2.9       |

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 **£207.4m**

## 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  | 0.21  |
| 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<br>Plus forward from 10am on last Wednesday of the month to last business day of the month |   |
| ISIN                     | O class<br>GB0031678161 (acc)   | C class<br>GB00B84JVJ48 (acc)<br>GB00B7KNM781 (inc) |
| SEDOL                    | 3167816 (acc)   | B84JVJ4 (acc)<br>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)<br>UK domiciled UCITS<br>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 30 September 2018, assets managed by the Ruffer Group exceeded £21.8bn.

## Enquiries

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