

# LF Ruffer European Fund

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



During the second quarter of 2020, the fund's O accumulation shares increased by 20.9% from 503.88p to 609.19p. This compares to a 13.3% increase in the FTSE Developed Europe in euro terms and 16.4% on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 83% at the end of June, with an additional 1% in long-dated currency call options and 16% in cash.

Experts opine daily on the shape of the economic recovery ahead. Is it a 'v', a tick, a square root or more ominously a wilting 'w'? It is impossible to forecast. What we know is that after unprecedented suppression, European economies are springing back from their April nadir. However, aggregate economic activity is much lower than a year ago and the future is very uncertain. Despite this, equity markets rose sharply in the quarter, driven by government fiscal support of the real economy and central bank monetary loosening.

The rapidly changing economic outlook and volatile equity markets led to an usually high volume of activity in the fund over the past few months. Whilst we had no premediated 'pandemic plan', looking back we can identify four phases that we passed through. This update aims to give a sense of how the portfolio was actively managed through each.

1) 'Prepare for war' (late February and early March). When it became clear the pandemic would significantly impact the global economy there was time to raise additional cash by selling vulnerable holdings such as auto suppliers and elderly care providers.

2) 'Fight the battle' (March). This was an intense period. We spoke to nearly every company in the portfolio to verify they had sufficient cash to survive a deep downturn. Then, in relatively short order, we invested cash equal to circa 15% of the fund into a) deep value investments such as airlines and temporary staffing companies whose share prices had been pummelled, and b) into companies whose shares had become dislocated from fundamentals due to panic or forced selling.

3) 'Re-position as the smoke begins to clear' (April and May). Whilst April was a brutal month for the real economy, financial markets stabilised as the scale of government and central bank support became clear. We took the opportunity to ensure – after the violent moves of March – that the size of each investment reflected the new outlook. This meant adding to stocks whose share prices had declined by more than their fundamental prospects; and holding on to stocks which had benefited from the crisis (such as German ecommerce businesses) but which we judged to remain undervalued.

4) 'Business (not) as usual' (late May onwards). Finally – perhaps only temporarily – sufficient stability returned to enable us to selectively add new high conviction positions where we judge the risk/reward to be attractive. We also trimmed positions where share prices had outrun fundamentals.

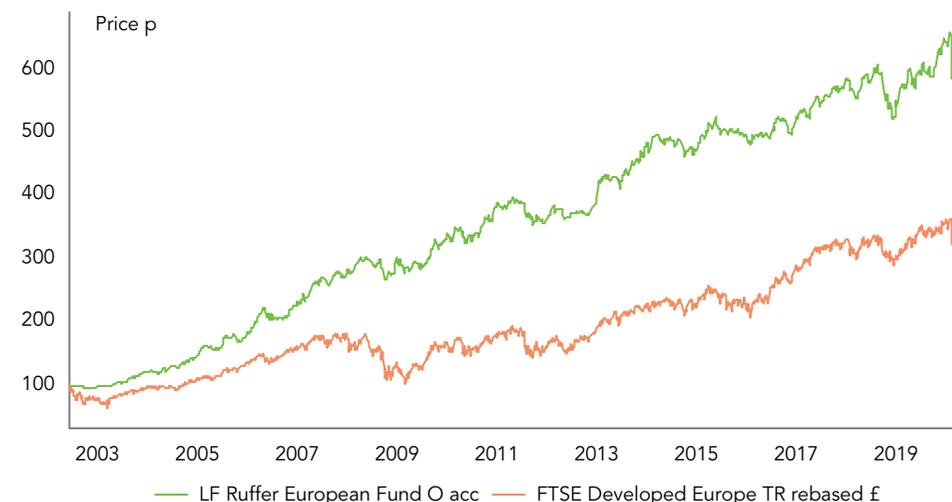
Whilst the first battle has been fought, the war is by no means won. Looking ahead it is likely the evolution of the pandemic and continued economic uncertainty will result in further equity market volatility. The Fund holds cash as dry powder in anticipation of this turbulence throwing up attractive investment opportunities. Finally, thank you to George Williams for his stellar ideas and hard work for the Fund over the past eighteen months.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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 %	Q2	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	20.9	-5.5	1.9	11.6	21.5	84.1

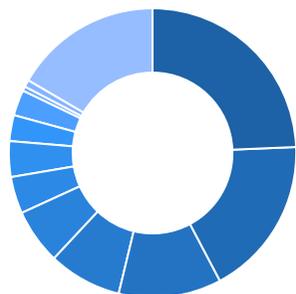
Percentage growth (O acc)	%	Share price as at 30 June 2020	p
30 Jun 2019 – 30 Jun 2020	1.9	O accumulation	609.19
30 Jun 2018 – 30 Jun 2019	2.9	C accumulation	623.82
30 Jun 2017 – 30 Jun 2018	6.4	C income	113.95
30 Jun 2016 – 30 Jun 2017	10.7		
30 Jun 2015 – 30 Jun 2016	-1.6		

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.

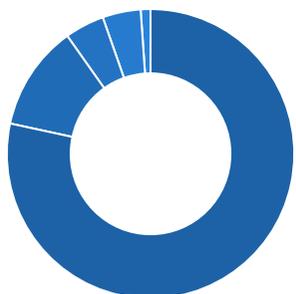
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer European Fund as at 30 Jun 2020

## Portfolio structure



Asset allocation	%		%
• UK	24.4	• Italy	2.9
• Germany	17.8	• Spain	2.8
• Sweden	11.6	• Netherlands	0.7
• France	8.2	• Options	0.6
• Finland	6.2	• Cash	16.7
• Norway	4.2		
• Switzerland	3.9		



Currency allocation	%
• Sterling	78.8
• Swedish krona	11.6
• Swiss franc	4.4
• Norwegian krone	4.2
• Euro	1.0

## 10 largest of 45 holdings

Stock	% of fund	Stock	% of fund
PureTech Health	7.7	Comet	3.3
Nlyte Software	5.6	Raisio	3.2
Academedica	4.2	Rubis	3.2
Deutsche Post	3.7	Altia	2.9
Westwing Group	3.4	De Longhi	2.9

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

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 **£174.1m**

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.57	1.27
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.34	0.65
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	
ISIN	GB0031678161 (acc)	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 May 2020, assets managed by the Ruffer Group exceeded £19.5bn.

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