

# LF Ruffer European Fund

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



March 2021 Issue 200

During the first quarter of 2021, the fund's O accumulation shares increased by 8.5% from 814.85p to 884.19p. This compares to an 8.4% increase in the FTSE Developed Europe total return in euro terms and a 3.1% increase in sterling terms. The fund's gross equity exposure was 92% at the end of March with 8% in cash, compared to 89% and 11% at the end of December.

January 2021 saw a continuation of many of the trends we observed in late 2020. Markets were broadly in a 'risk on' environment: performance of growth stocks (especially technology and renewables) accelerated, speculative use of call options increased in the US and more investors were buying on leverage.

However, during February and March, long-dated interest rates started to rise rapidly and the yield curve steepened. While headline indices were not that volatile, there were violent gyrations beneath the surface. The market responded with a correction in long-duration assets (bonds, gold and growth equities for example). Value equities, like financials and energy, performed particularly strongly in the second half of the quarter.

Perhaps more important to the weak performance of long duration assets was the tentative uptick in real interest rates, as inflation expectations failed to keep up with the rise in nominal rates. We think the real interest environment will be more volatile going forward, as the effects of central bank and fiscal policy impact inflation and growth expectations.

Turning to the portfolio, we have leant gently against this market rotation, adding to defensive names such as GSK and National Grid, which also have stock specific factors weighing on their share prices. The speed of narrative shifts and potential for whipsaw leave us hesitant to make investment decisions based purely on macro-driven considerations. The market is asking: is this the beginning of a multi-decade regime shift, or just a short but very sharp acceleration in growth? Currently the answer to these questions is uncertain, hence we have sought a balanced portfolio approach in the fund. We have exposure to conventionally-called growth stocks and pandemic winners. Our German online retailer Westwing performed strongly as lockdown restrictions were reintroduced in Europe. On the other side, our holding in rate sensitive UK banks (Lloyds and Natwest) and cyclical value holdings (eg Equinor and Titan Cement) outperformed in the rising yield environment.

There were also idiosyncratic factors driving fund performance. Sonae SGPS, a Portuguese conglomerate, performed well on the back of operational self-help and a clearer presentation of its financial results, which enabled the market to better understand the cash flow dynamics within the business. This was gratifying, as we invested significant time in understanding what is an underappreciated business and discussing with management how to better articulate its true value.

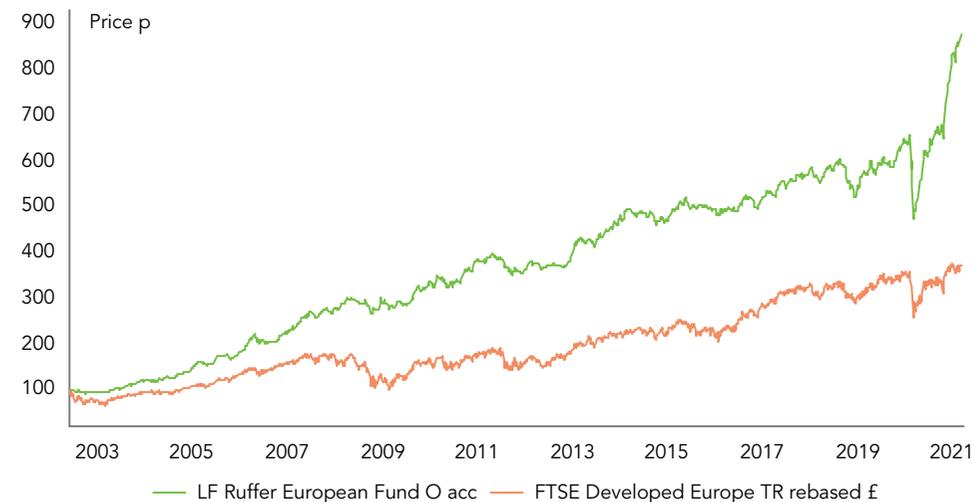
Finally, we initiated a position in Deutsche Industrie REIT, a German light industrial property vehicle. The company trades significantly below our estimate of its intrinsic net asset value, because of scope for both rent increases and yield compression. The management team has a strong track record of value creation in commercial real estate and their interests are well-aligned with shareholders.

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.

## 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



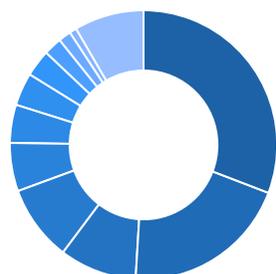
O accumulation shares	Performance %	Share price as at 31 March 2021	p
Q1	8.5	<b>O accumulation</b>	<b>884.19</b>
Year to date	8.5	<b>C accumulation</b>	<b>907.44</b>
1 year	75.5	<b>C income</b>	<b>165.59</b>
3 years	58.3		
5 years	78.1		
10 years	127.0		

12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer European Fund O acc	6.0	6.1	2.9	-12.3	75.5
FTSE Developed Europe TR rebased £	26.7	2.9	4.2	-10.8	31.8

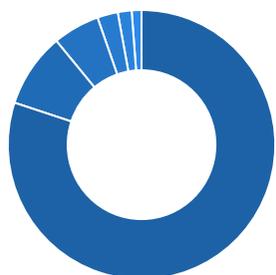
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

# LF Ruffer European Fund as at 31 Mar 2021

## Portfolio structure



Asset allocation	%		%
• UK	30.8	• Spain	3.2
• Germany	20.1	• Greece	1.7
• France	9.4	• Switzerland	1.7
• Sweden	9.1	• Belgium	1.3
• Norway	5.8	• Cash	8.4
• Finland	4.7		
• Portugal	3.8		



Currency allocation	%
• Sterling	80.1
• Swedish krona	9.1
• Norwegian krone	5.8
• Euro	2.2
• Swiss franc	1.7
• US dollar	1.1

## 10 largest of 49 holdings

Stock	% of fund	Stock	% of fund
PureTech Health	8.2	International Petroleum Corporation	3.2
Rubis	4.3	GlaxoSmithKline	3.0
Instone Real Estate	4.2	Academedia	2.9
Sonae SGPS	3.8	Loomis	2.9
Westwing Group	3.4	Ceres Power	2.7

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.

The fund's prospectus and key investor information documents are provided in English and available on request or from [ruffer.co.uk](http://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.

Fund size **£266.9m**

## 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	0.00	0.05
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

	O class	C class
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

† © FTSE 2021. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## 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 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL  
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2021