

# LF Ruffer European Fund

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



During January, the fund's O accumulation shares increased by 2.0% from 572.80p to 583.97p. This compares to a 0.5% increase in the FTSE Developed Europe in euro terms and a 0.2% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 75.5% at the end of January, with 0.5% in index put options. At the end of December, the gross figure was 79.6%, with no index put options.

Equity markets began 2018 as they ended 2017 – grinding steadily upwards with low volatility. These are tricky times for conservative investors: we are balancing twin imperatives to remain invested in best ideas whilst reducing exposure to rising valuations. We sought to accomplish that during 2017 by tilting the portfolio away from compounders towards special situations. Our expectation is that in 2018 rising bond yields will lead to greater equity market volatility. Whilst volatility is not a problem in itself, in the context of elevated valuations, exchange traded fund flows and quantitative and leveraged trading strategies, it has the potential to be self-reinforcing and trigger a rapid market sell-off. During January, we reduced the fund's gross equity exposure by exiting three lower conviction positions, trimming others and buying a long-dated put option.

During the month, the fund benefitted from the strong performance of two large holdings: Autoliv and PureTech Health. Autoliv is a world leader in safety equipment including airbags, seat belts and electronics for autonomous vehicles. Driven by strong market share gains since 2015, and thus a conviction that earnings will accelerate, we have been accumulating shares in the company over the past two years. Autoliv's most recent quarterly results and outlook for 2018 surprised the market as they highlighted the strength of sales growth ahead and hinted at its profitability; we think there could be further surprises as the attractive margin on the incremental revenue becomes apparent.

PureTech is perceived to be commercialising university intellectual property, a model which has come under pressure following well publicised challenges. However, PureTech's business model is different. Focussed on identifying large unmet medical needs of the brain, immune system and gut, they scan academic and commercial research to identify the best science to solve the problem, secure the rights and assemble a team of experts to refine the science and build a business. The calibre of PureTech's team and network is an invaluable asset. Based in Boston, Massachusetts, they have access to leading academic, corporate, consulting and financial talent. Following its initial public offering in 2015, PureTech had a fallow period as it developed its businesses. This is changing. In late 2017, PureTech announced that following successful phase three trials it would seek FDA approval for both its non-invasive weight loss product and first-ever digital medicine to treat ADHD in children. In January 2018, PureTech successfully listed its clinical-stage subsidiary resTORbio on the Nasdaq Stock Market. We expect continued technical, commercial and financing milestones to highlight PureTech's intrinsic value.

## 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 %	January 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.0	2.0	10.0	20.3	39.2	108.2

Percentage growth (O acc)	%	Share price as at 31 January 2018	p
31 Dec 2016 – 31 Dec 2017	11.6	<b>O accumulation</b>	<b>583.97</b>
31 Dec 2015 – 31 Dec 2016	4.9	<b>C accumulation</b>	<b>593.67</b>
31 Dec 2014 – 31 Dec 2015	-0.7	<b>C income</b>	<b>109.51</b>
31 Dec 2013 – 31 Dec 2014	23.2		
31 Dec 2012 – 31 Dec 2013	20.5		

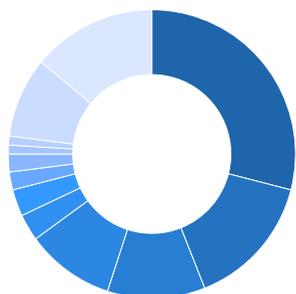
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

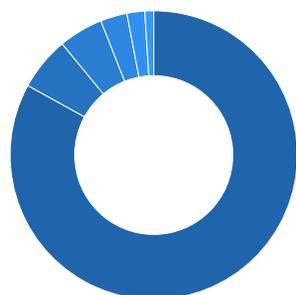
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other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

# LF Ruffer European Fund as at 31 January 2018

## Portfolio structure



Asset allocation	%		%
• UK	29	• Switzerland	2
• France	15	• Italy	2
• Sweden	11	• Finland	1
• Germany	10	• Options	1
• Spain	3	• UK index-linked gilts	9
• Norway	3	• Cash	14



Currency allocation	%
• Sterling	83
• Swedish krona	6
• Norwegian krone	5
• US dollar	3
• Swiss franc	2
• Euro	1

## 10 largest holdings (1 bond and 49 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2019	9.4	Kaufman & Broad	3.0
Autoliv	4.5	Deutsche Post	2.9
Puretech Health	4.3	ORPEA	2.7
Booker Group	3.2	Vivendi	2.6
Prosiebensat.1 Media	3.2	Statoil ASA	2.6

Source: Ruffer LLP

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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 £246.2m

## 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	0.30
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 January 2018, assets managed by the Ruffer Group exceeded £22.7bn, of which over £14.0bn was managed in open-ended Ruffer funds.

## Enquiries

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