

LF Ruffer European Fund

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



During April, the fund's O accumulation shares increased by 2.5% from 558.39p to 572.32p. This compares to a 4.8% increase in the FTSE Developed Europe in euro terms and a 4.9% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 78.4% at the end of April, with 0.8% in index put options and 4.8% in a FTSE 250 short exchange traded product. At the end of March, the gross figure was 74.3%, with 1.5% in index put options and 5.1% in the FTSE 250 short exchange traded product.

Having tested new lows towards the end of March, markets regained their poise in April with the STOXX 600 index of leading European companies up around 4% over the month, driven in part by the UK which outperformed other European equity markets. The bulls continue to 'buy the dip', arguing that the broadly positive economic outlook points to continued corporate earnings growth. The bears on the other hand argue that the magic spell of effortlessly rising equity markets has been broken and therefore it is only a matter of time before something triggers an ugly and sustained sell off as investors realise their investments are more risky than they thought. Our job as equity fund managers is to try to walk this tightrope by taking attractive equity risk and hedging market risk when we consider it necessary and cost effective to do so.

Yara is an example of an investment that we consider to offer attractive equity risk. The company is a leading producer and distributor of nitrogen and speciality fertiliser products. Long-term prospects are supported by three elements. First, a strong management team focused on productivity across the business where we believe there is significant scope for improvement. Second, low prices for nitrogen products have resulted in a sharp decline in planned new capacity and over time this should be a tailwind to prices and industry profitability. Third, Yara's large distribution business supports earnings in tough times while providing scale and network benefits across the company. Lately the shares have been weak alongside lower nitrogen product pricing and higher costs from European natural gas prices, both in part due to the unusually cold start to the year. A focus on the long-term and our confidence in the robustness and quality of Yara gave us the conviction to increase our position as the share price drifted lower.

Elsewhere in the portfolio we took advantage of mispricing opportunities afforded by market volatility and corporate results that caught the market by surprise. We added to holdings such as International Petroleum Corporation and Meyer Burger and trimmed others including Infant Bacterial Therapeutics and BioGaia; in addition we initiated two new small positions. Despite remaining cautious in our outlook for equity markets as a whole, it is pleasing to continue finding investment opportunities where the equity risk/reward appears attractive.

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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.5	-0.1	6.3	12.9	34.6	92.6

Percentage growth (O acc)	%	Share price as at 30 April 2018	p
31 Mar 2017 – 31 Mar 2018	6.1	O accumulation	572.32
31 Mar 2016 – 31 Mar 2017	6.0	C accumulation	582.26
31 Mar 2015 – 31 Mar 2016	-0.5	C income	107.41
31 Mar 2014 – 31 Mar 2015	0.4		
31 Mar 2013 – 31 Mar 2014	16.1		

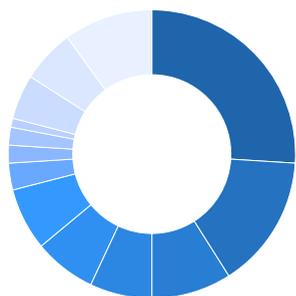
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

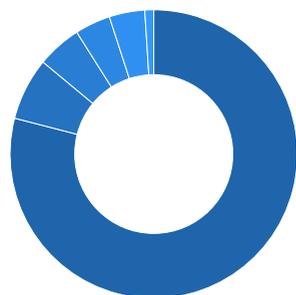
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other than the UK.

LF Ruffer European Fund as at 30 April 2018

Portfolio structure



Asset allocation	%		%
UK	26	North America	2
France	15	Italy	2
Sweden	9	Switzerland	1
Norway	7	Cash	5
Germany	7	Options	6
Finland	7	UK index-linked gilts	10
Spain	3		



Currency allocation	%
Sterling	79
Norwegian krone	7
Swedish krona	5
US dollar	4
Euro	4
Swiss franc	1

10 largest holdings (1 bond and 45 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2019	9.9	Autoliv	3.6
FTSE 250 Short ETP	4.8	Altia Corp	3.4
Puretech Health	4.6	Kaufman & Broad	3.3
GlaxoSmithKline	4.0	Statoil ASA	3.1
Yara International	3.9	Tesco	3.0

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 £233.4m

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	0.31
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 30 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn was managed in open-ended Ruffer funds.

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