

LF Ruffer European Fund

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



June 2018 Issue 185

During June, the fund's O accumulation shares decreased by 0.8% from 585,90p to 581.06p. This compares to a 0.6% decrease in the FTSE Developed Europe in euro terms and an increase of 0.2% on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 80.5% at the end of the month, with 0.7% in index put options and 7.8% in a FTSE 250 short exchange traded product.

Political machinations dominated markets throughout June. At a global level it was Trump tariffs, in Europe the issue of migrants became an existential threat to Chancellor Merkel's government and domestically, Brexit continued to raise more questions than answers. The outlook does not look good: having enjoyed relative political stability for the past year or so, it appears that a 'normal service' of European political instability is now being resumed. There are plenty of issues to ponder: Merkel, migrants, EU reforms, Italy, Brexit, tariffs. Equity markets are likely to remain volatile.

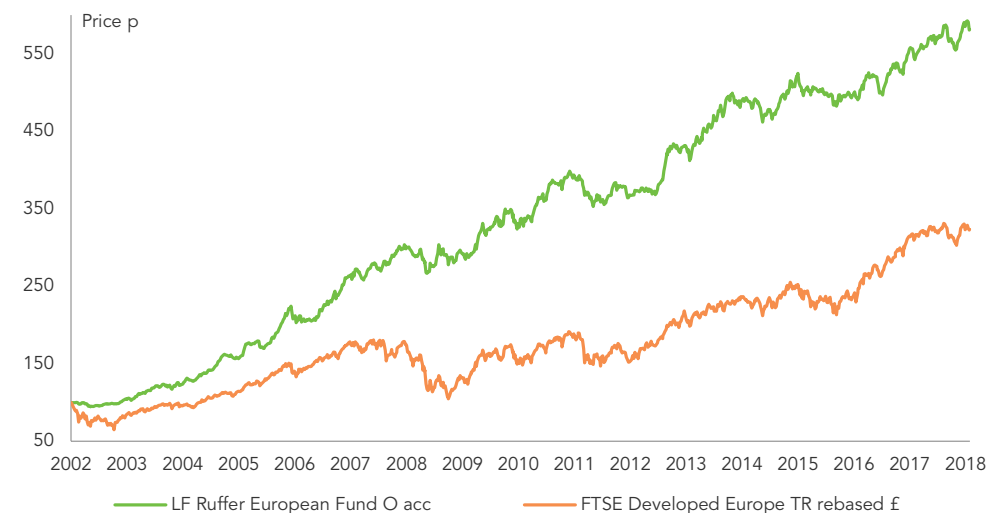
Turning to the fund, a significant contributor to performance was Rocket Internet whose stock price has steadily recovered from its nadir a year ago. Rocket is controversial. We met the founder and CEO, Oliver Samwer, at IPO and along with most investors were allocated no stock – with hindsight a blessing in disguise, despite being very impressed by Samwer's drive, intellect and instincts. Post-IPO, Rocket proceeded to surprise and then bewilder: raising capital, spending it on unexpected acquisitions, issuing convertible debt and raising a venture fund. The stock drifted downwards until a long standing shareholder exited unceremoniously – at which point the price crashed and the company was perceived as untouchable. Despite the headline shenanigans, Samwer was quietly extending his record as a canny money maker, exiting investments for multiples of capital invested and building a war chest of cash. In Autumn 2017, the company initiated a share buyback and Samwer has subsequently bought €75m of stock (taking his controlling stake to more than 40%). Rocket currently has over €2 billion of cash equating to 50% of its market cap. Given his track record and ownership, we back Samwer to find more high potential technology companies and to invest at attractive valuations.

During the month we initiated a new position in Fresenius Medical Care (FMC), one of the leading providers of dialysis products and services for people with chronic kidney failure. There is increasing pressure to reduce healthcare costs in the US and FMC is well positioned to benefit through its integrated care business. It is participating in a five year pilot programme to manage all the healthcare costs for Medicare patients receiving dialysis treatment, taking a share of any cost savings it achieves on behalf of the government. Given the success of the trial so far, it is likely to become a full programme for all Medicare patients. FMC combines economically resilient demand for its services with structural growth due to an ageing population, the rising prevalence of lifestyle related diseases and increasing wealth and access to medical treatment in emerging markets. We found this profile attractive and took the opportunity afforded by short-term uncertainty to buy shares at a reasonable valuation.

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 %	June 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.8	1.4	6.4	15.9	39.5	95.9

Percentage growth (O acc)	%	Share price as at 29 June 2018	p
30 Jun 2017 – 30 Jun 2018	6.4	O accumulation	581.06
30 Jun 2016 – 30 Jun 2017	10.7	C accumulation	591.44
30 Jun 2015 – 30 Jun 2016	-1.6	C income	109.10
30 Jun 2014 – 30 Jun 2015	1.6		
30 Jun 2013 – 30 Jun 2014	18.5		

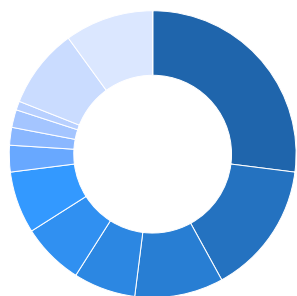
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

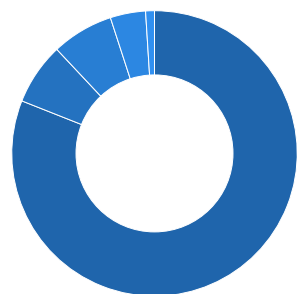
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other than the UK.

LF Ruffer European Fund as at 29 June 2018

Portfolio structure



Asset allocation	%		%
UK	27	North America	3
France	15	Spain	2
Norway	10	Italy	2
Germany	7	Cash	1
Finland	7	Protection	9
Sweden	7	UK index-linked gilts	10



Currency allocation	%
Sterling	81
Norwegian krone	7
Swedish krona	7
US dollar	4
Euro	1

10 largest holdings (1 bond and 45 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2019	10.1	Autoliv	3.6
FTSE 250 Short ETP	7.8	Altia Corp	3.5
Puretech Health	4.5	Tesco	3.4
GlaxoSmithKline	4.2	ORPEA	3.3
Yara International	4.1	JCDecaux	3.1

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 £230.5m

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	
Depositary	The Bank of New York Mellon (International) Limited	
Auditors	Ernst & Young	
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 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

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