

LF Ruffer European Fund

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



During July, the fund's O accumulation shares increased by 2.5% from 581.06p to 595.34p. This compares to a 3.1% increase in the FTSE Developed Europe in euro terms and a rise of 4.0% on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 82.8% at the end of July, with 0.2% in index put options and 7.6% in a FTSE 250 short exchange traded product. At the end of June, the gross figure was 80.5%, with 0.7% in index put options and 7.8% in the FTSE 250 short exchange traded product.

European equity markets rebounded in July as economic data improved after the Q1 soft patch and we saw a solid start to the earnings season. As such, our protective positions were the main detractors to performance. One notable theme in this reporting season is input cost inflation. US steel tariffs are already having an impact on companies with US-based production. Many companies are reporting they plan to pass cost inflation on to customers as well as attempting to offset the margin impact through cost saving measures. While this has had limited impact on the companies in our portfolio, European companies are facing headwinds from a weaker US dollar and higher energy and labour costs. Companies with a strong competitive position and pricing power are best positioned to cope in such an environment.

Orion was one of the top contributors to performance this month after reporting quarterly results that beat analysts' expectations. We initiated a position in the spring after short-term profit headwinds, unclear guidance for 2018, and the failure of its high-potential Alzheimer's disease programme with partner Janssen caused the share price to halve. Results for the first six months of 2018 have helped quantify the extent of some of the short-term profit headwinds and the recent sale of the diagnostics business has given the market confidence that the dividend can be maintained.

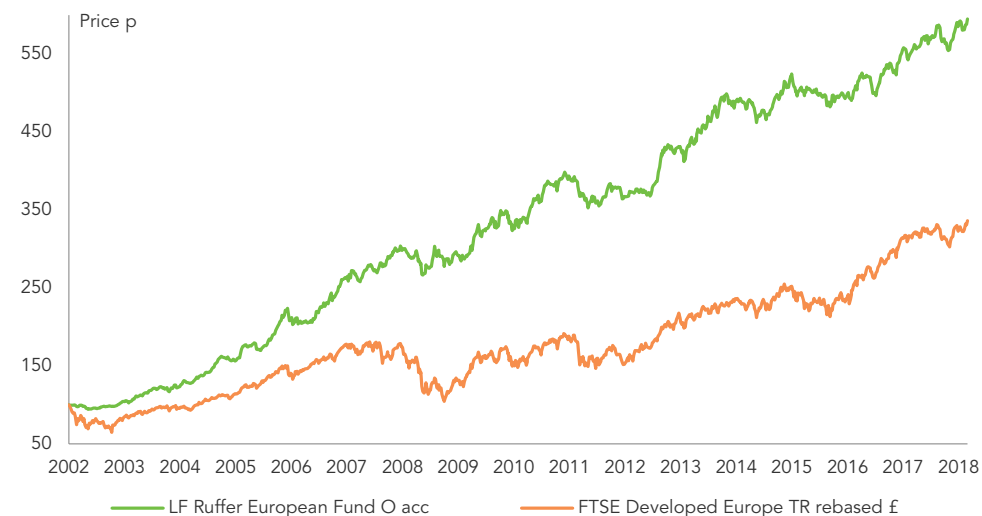
This earnings season has been characterised by larger share price moves on results days than in previous periods. We took advantage of an overreaction to disappointing quarterly results to add to our position in Loomis. Restructuring in France is taking longer than previously expected and investment to support continued growth in SafePoint in the US has yet to pay off. We remain confident that Loomis will continue to grow profitably driven by higher-margin SafePoint installations and its sensible M&A strategy.

Elsewhere in the portfolio, PureTech performed well after resTORbio, its NASDAQ-listed affiliate company, announced positive phase IIB data for its respiratory tract infection product. We look forward to further scientific, commercial and financing milestones that will highlight the value in PureTech's portfolio of innovative therapies focused on addressing large unmet medical needs related to the brain, immune system and gut.

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 %	July 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.5	3.9	7.5	17.7	37.8	106.0

Percentage growth (O acc)	%	Share price as at 31 July 2018	p
30 Jun 2017 – 30 Jun 2018	6.4	O accumulation	595.34
30 Jun 2016 – 30 Jun 2017	10.7	C accumulation	606.13
30 Jun 2015 – 30 Jun 2016	-1.6	C income	111.81
30 Jun 2014 – 30 Jun 2015	1.6		
30 Jun 2013 – 30 Jun 2014	18.5		

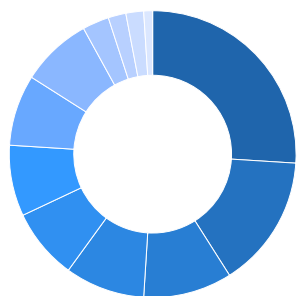
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

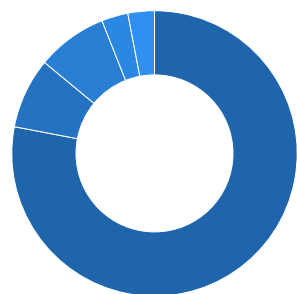
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other than the UK.

LF Ruffer European Fund as at 31 July 2018

Portfolio structure



Asset allocation	%		%
UK	26	Finland	8
France	15	Germany	8
Sweden	10	North America	3
Norway	9	Spain	2
Protection	8	Italy	2
UK index-linked gilts	8	Cash	1



Currency allocation	%
Sterling	78
Norwegian krone	8
Swedish krona	8
US dollar	3
Euro	3

10 largest holdings (1 bond and 45 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2019	7.9	Autoliv	3.5
FTSE 250 Short ETP	7.7	ORPEA	3.4
PureTech Health	5.0	Altia Corp	3.4
Yara International	5.0	Deutsche Post	3.1
GlaxoSmithKline	4.3	JCDecaux	3.0

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 £234.0m

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	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 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rife@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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