

LF Ruffer European Fund

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



November 2018 Issue 190

From 2019 we will be producing this report on a quarterly rather than monthly basis. During November, the fund's O accumulation shares declined by 1.4% from 555.38p to 547.86p. This compares to a 1.0% decrease in the FTSE Developed Europe in euro terms and a 0.9% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 88.1% at the end of November, with 10.0% in a FTSE 250 short exchange traded product. At the end of October, the gross figure was 87.0%, with 9.4% in the FTSE 250 short exchange traded product.

November was another month where US/China trade tariffs and Brexit dominated headlines and buffeted equity markets – the fund was not immune to this. Within the portfolio, more defensive companies performed well and those exposed to automotive and semiconductor markets recovered somewhat after a tough few months. This was offset by a decline in Equinor and International Petroleum Company (IPC), following a 30% decline in the price of Brent crude oil since its peak in October. The Organisation of the Petroleum Exporting Countries (OPEC) meet in December and their decision on whether or not to cut production will be a key driver of the oil price in the short-term. We have used the share price weakness to add slightly to our position in IPC but are not taking a big binary bet that OPEC will cut production.

Another current debate is whether or not global economic growth is moderating following the temporary boost from President Trump's tax cuts in the US, or whether we are entering into a recession, and if so, how policy makers will respond. With the share prices of many cyclical companies having halved it is tempting to conclude that a lot of negativity is already priced in. However, we want to retain a balance in the fund between our more cyclically exposed companies and those with more defensive business models or those exposed to structural growth opportunities. The latter categories should do well over time even in the face of more challenging economic and market conditions.

In these uncertain times we also prefer to own companies with strong balance sheets to help them weather any storms that may come. We do not hold any consumer staples companies, for example, despite the attractiveness of their defensive revenue streams, because debt levels, margins and valuations are at historically high levels. Holding cash has been a drag in recent years given the ultra-low interest rate environment and companies that have done so have faced increasing pressure to pay that cash back to shareholders. European companies, particularly those that have a high family ownership level, tend to have stronger balance sheets than their US counterparts where share buybacks have been much more prevalent. Companies like Rocket Internet and De'Longhi that have patiently held onto their cash may soon be given great opportunities to deploy at attractive valuations.

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 %	November 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.4	-4.4	-3.7	9.9	16.4	98.8

Percentage growth (O acc)	%	Share price as at 30 November 2018	p
30 Sep 2017 – 30 Sep 2018	4.8	O accumulation	547.86
30 Sep 2016 – 30 Sep 2017	8.6	C accumulation	558.36
30 Sep 2015 – 30 Sep 2016	3.0	C income	102.72
30 Sep 2014 – 30 Sep 2015	5.0		
30 Sep 2013 – 30 Sep 2014	6.6		

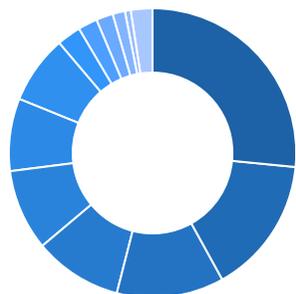
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

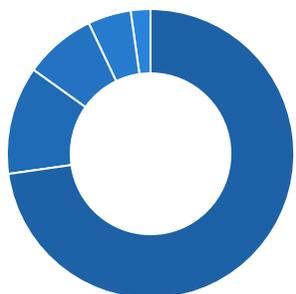
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

LF Ruffer European Fund as at 30 Nov 2018

Portfolio structure



Asset allocation	%		%
• UK	26.6	• Spain	2.5
• France	15.4	• Switzerland	2.3
• Sweden	12.0	• Italy	1.9
• Options	10.0	• Belgium	1.3
• Germany	8.9	• Netherlands	0.8
• Norway	8.1	• Cash	2.4
• Finland	7.8		



Currency allocation	%
• Sterling	72.9
• Swedish krona	12.0
• Norwegian krone	8.1
• US dollar	4.7
• Swiss franc	2.3

10 largest of 57 holdings

Stock	% of fund	Stock	% of fund
FTSE 250 Short ETP	10.0	JCDecaux	3.5
PureTech Health	6.1	Fresenius Medical Care	3.2
Yara International	5.4	ORPEA	3.1
GlaxoSmithKline	4.7	International Petrole	3.1
Altia	4.1	Vivendi	3.1

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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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 **£197.5m**

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	0.21
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	
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

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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 October 2018, assets managed by the Ruffer Group exceeded £21.5bn.

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