

LF Ruffer European Fund

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



During the first quarter of 2019, the fund's O accumulation shares increased by 9.7% from 523.40p to 574.41p. This compares to a 13.0% increase in the FTSE Developed Europe in euro terms and an 8.5% increase in sterling terms. The fund's gross equity exposure was 88.5% at the end of March with an additional 9.3% in a FTSE 250 short exchange traded product and 2.3% in cash. At the end of December the gross figure was 87.5% with an additional 10.8% in the FTSE 250 short exchange traded product and 1.7% in cash.

The year began as the previous year had ended: with equity markets riding a roller coaster. In late 2018, the US Federal Reserve had unnerved investors by suggesting monetary tightening was on 'autopilot': unlikely to alter course in response to changing economic or market conditions. December's market turmoil prompted unorthodox interventions by both the US Secretary of the Treasury and President Trump – whether these catalysed the Fed's subsequent 'pivot' is a moot point. But pivot it certainly did: its soothing words of flexibility and patience triggered a sharp and sustained recovery in global equity markets. This recovery nevertheless belies sizable economic and political risks: European and Chinese data has not yet pointed decisively to either recovery or recession; Brexit remains unresolved as do US-Sino trade talks. Greater clarity may emerge in the course of the next quarter and will be a key determinant of how markets progress.

Turning to the fund, it is pleasing to see the draught of late 2018 fully reversed. The first driver was that two large positions – International Petroleum Corporation (IPC) and Fresenius Medical Care (FMC) – rebounded strongly. IPC's share price collapsed last October following the announcement of an all stock merger with a Canadian oil company. This sensible acquisition was completely misunderstood by the market enabling us to buy more shares amidst the turmoil of the deal. FMC, as we wrote last time, is a company in which we have high conviction but whose share price became detached from fundamentals – it is becoming reattached as investors look beyond near term earnings headwinds.

The fund's performance was also driven by the recovery of small and mid-cap share prices. These less liquid positions offered a true white knuckle ride through December and January – your managers confirm it was a nauseous experience! Despite the discomfort we avoided blacking out and were able to add to several existing positions and initiate new ones at very attractive valuations. Of course, with hindsight, we should also have sold at least some of the FTSE 250 short. However with uncertainty remaining unusually high, we prefer to hold this protection until the valuation of specific stocks is sufficiently compelling that we have greater conviction in their price going up, than we do in the broader market continuing to fall. We got close in late December and expect there will be even better opportunities ahead.

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



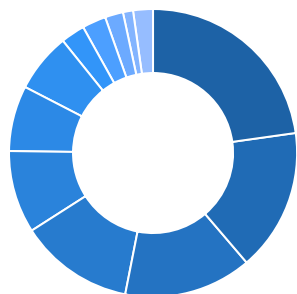
Performance %	Q1	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	9.7	9.7	2.9	15.7	15.5	99.6

Percentage growth (O acc)	%	Share price as at 29 March 2019	p
31 Mar 2018 – 31 Mar 2019	2.9	O accumulation	574.41
31 Mar 2017 – 31 Mar 2018	6.1	C accumulation	585.99
31 Mar 2016 – 31 Mar 2017	6.0	C income	107.80
31 Mar 2015 – 31 Mar 2016	-0.5		
31 Mar 2014 – 31 Mar 2015	0.4		

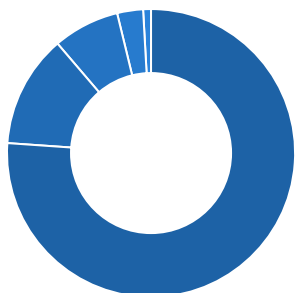
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer European Fund as at 29 Mar 2019

Portfolio structure



Asset allocation	%		%
• UK	22.7	• Switzerland	2.8
• Germany	16.1	• Spain	2.6
• France	14.4	• Italy	2.1
• Sweden	12.8	• Netherlands	1.0
• Options	9.3	• Cash	2.3
• Norway	7.4		
• Finland	6.5		



Currency allocation	%
• Sterling	76.1
• Swedish krona	12.7
• Norwegian krone	7.4
• Swiss franc	2.8
• US dollar	1.0

10 largest of 58 holdings

Stock	% of fund	Stock	% of fund
FTSE 250 Short ETP	9.3	Deutsche Post	4.1
PureTech Health	5.7	Altia	3.7
Yara International	4.8	ORPEA	3.3
International Petroleum Corporation	4.8	Vertu Motors	3.1
Fresenius Medical Care	4.7	Vivendi	2.7

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 **£194.7m**

Fund information

%	O class	C class
Ongoing Charges Figure*	1.57	1.27
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.20
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 28 February 2019, assets managed by the Ruffer Group exceeded £21.0bn.

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