

LF Ruffer European Fund

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



June 2019 Issue 193

During the second quarter of 2019 the fund's O accumulation shares increased by 4.1% from 574.41p to 597.96p. This compares to a 3.3% increase in the FTSE Developed Europe in euro terms and a 7.3% increase in sterling terms. The fund's gross equity exposure was 89.6% at the end of June with an additional 9.0% in a FTSE 250 short exchange traded product and 1.4% in cash. At the end of March the gross figure was 88.5% with an additional 9.3% in the FTSE 250 short exchange traded product and 2.2% in cash.

Equity markets remained volatile throughout the second quarter. The continued absence of clarity on the key issues of Chinese and European economic health, Brexit and US-Sino trade talks left markets at the mercy of marginal data, rumour and President Trump's negotiating tactics. Turning to the fund, the two largest holdings PureTech Health and Yara, contributed strongly (we recap the investment cases below), whilst the FTSE 250 short detracted from performance and the euro and US dollar currency hedges were a headwind in sterling terms.

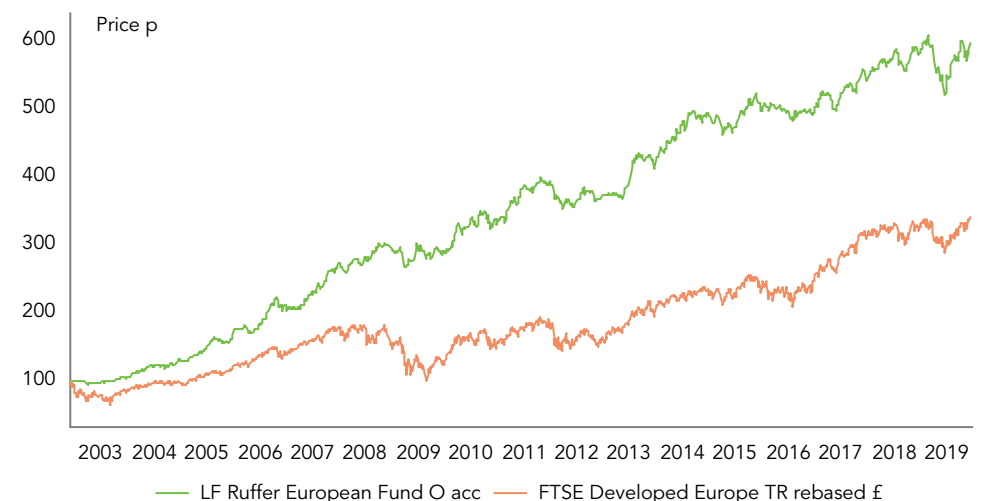
PureTech Health is developing therapeutics based on the interaction between the brain, immune system and gut. The calibre of the team and their network is outstanding: based in Boston, Massachusetts, they have access to leading academic, commercial and financial talent. In late 2017 two of PureTech's companies announced successful phase three clinical trial results: one for a medical device (Plenity) to manage obesity, the other a digital treatment for children with attention deficit hyperactivity disorder (ADHD). Two further significant milestones were achieved in the past quarter. Firstly, in April, the US FDA cleared Plenity for commercial launch in the US later this year. Secondly, in June, another PureTech company, Karuna (developing a reduced side effects treatment for schizophrenia) successfully listed on the NASDAQ. Over time we expect further scientific, commercial and financing milestones to continue closing the gap between PureTech's market price and intrinsic value.

Yara is the leading global nitrogen fertilizer and crop nutrition business. Our investment in 2017 was based on three drivers: a recovery in the global nitrogen price as supply and demand became better balanced; increased earnings from the ramp-up of new capacity and implementation of an efficiency programme, and downside protection from the crop nutrition division's stable cash flows. Yara is a complex case with many moving parts: whilst nitrogen prices recovered as expected, a rapid appreciation in the European gas price through 2018 held back earnings and with it the share price. However, in 2019 the stars began to align: nitrogen prices continued to recover, European gas prices collapsed to the lowest level in a decade and management outlined a plan which should highlight the value of the stable distribution business and raise cash returns to shareholders. Whilst Yara's stock price will continue be volatile, reflecting the market's myopic focus on the nitrogen and gas prices, we expect patient investors will be rewarded over time as management's plan plays out.

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 % | Q2 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|-----|--------------|--------|---------|---------|----------|
| O accumulation shares | 4.1 | 14.2 | 2.9 | 21.3 | 21.1 | 106.0 |

| Percentage growth (O acc) | % | Share price as at 28 June 2019 | p |
|---------------------------|------|--------------------------------|--------|
| 30 Jun 2018 – 30 Jun 2019 | 2.9 | O accumulation | 597.96 |
| 30 Jun 2017 – 30 Jun 2018 | 6.4 | C accumulation | 610.47 |
| 30 Jun 2016 – 30 Jun 2017 | 10.7 | C income | 112.30 |
| 30 Jun 2015 – 30 Jun 2016 | -1.6 | | |
| 30 Jun 2014 – 30 Jun 2015 | 1.6 | | |

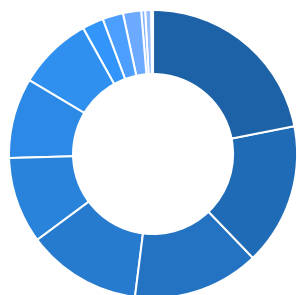
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

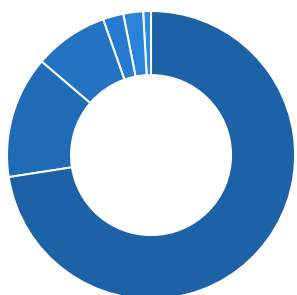
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other than the UK.

LF Ruffer European Fund as at 28 Jun 2019

Portfolio structure



| Asset allocation | % | | % |
|------------------|------|---------------|-----|
| • UK | 22.0 | • Spain | 2.3 |
| • Germany | 16.0 | • Switzerland | 2.3 |
| • Sweden | 14.2 | • Italy | 2.0 |
| • France | 12.9 | • Netherlands | 0.6 |
| • Finland | 9.7 | • US | 0.5 |
| • Options | 9.1 | • Cash | 0.3 |
| • Norway | 8.4 | | |



| Currency allocation | % |
|---------------------|------|
| • Sterling | 72.5 |
| • Swedish krona | 13.7 |
| • Norwegian krone | 8.4 |
| • Euro | 2.3 |
| • Swiss franc | 2.3 |
| • US dollar | 0.9 |

10 largest of 52 holdings

| Stock | % of fund | Stock | % of fund |
|------------------------|-----------|-------------------------------------|-----------|
| FTSE 250 Short ETP | 9.1 | International Petroleum Corporation | 4.0 |
| PureTech Health | 7.5 | Altia | 3.8 |
| Yara International | 6.0 | Raisio | 3.6 |
| Nlyte Software | 5.0 | Rheinmetall | 3.2 |
| Fresenius Medical Care | 4.8 | ORPEA | 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 **£193m**

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 31 May 2019, assets managed by the Ruffer Group exceeded £20.6bn.

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