

LF Ruffer European Fund

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



December 2019 Issue 195

During the fourth quarter of 2019 the fund's O accumulation shares increased by 7.9% from 597.96p to 644.32p. This compares to a 5.9% increase in the FTSE Developed Europe in euro terms and a 1.5% increase in sterling terms. For 2019 as a whole the fund's O accumulation shares increased by 23.1%. This compares to a 26.9% increase in the FTSE Developed Europe in euro terms and a 19.8% increase in sterling terms. The fund's gross equity exposure was 87.8% at the end of December and 12.1% in cash.

Memories of 2019 will be defined more than usual by the perspective of the viewer than actualities. Investors will recall how equities recovered from a precipitous fall as the US Federal Reserve pivoted back to looser monetary policy. Trade aficionados will remember what the US-Sino phase one deal did not accomplish. Brits' memories of two postponed Brexits will be superseded by Boris's political earthquake; European reformers should lament another wasted year. And economists will only be able to tell us with the benefit of hindsight whether 2019 was the tail end of a business cycle, the start of the next or both. An inconclusive year all around! Fortunately for equity investors the market's reaction to monetary loosening, for now at least, overwhelmed the multitude of continuing uncertainties.

2019 was a good year for the fund supported by a strong fourth quarter. Stocks making significant contributions included PureTech Health, HelloFresh, Tokmanni, International Petroleum Corporation, Deutsche Post and Raisio; no single stock contributed a significant loss. However, the fund's performance was diluted by what turned out to be an overly cautious asset allocation – the FTSE short ETPs (exchanged-traded products) and unhedged currency were detractors whilst cash was a drag.

Looking ahead, Boris Johnson's landslide election win could have significant ramifications for the UK economy, stock market and currency. Increasing clarity over Brexit should help businesses return to normal levels of investment. An expected rise in government spending has potential to accelerate growth, albeit with the risk of inflation. Following a torrid three years we see potential for the UK stock market to be a relative winner going forward. In anticipation, we began reducing the FTSE short ETP in the autumn, further reducing it ahead of the election and fully exiting it just after. Whilst the fund will maintain its bias towards continental European companies, we have increased exposure to attractively valued UK stocks which offer upside if economic growth accelerates and which will pay an attractive dividend in the meantime.

As we move into 2020 we remain confident that the companies held in the fund can continue to generate attractive returns. Our approach to stock picking remains unchanged: we focus on identifying reasonably priced quality compounders and special situations whose value can increase with improving fundamentals or dissipating uncertainty. We continue to hold cash as dry powder, ready to take advantage of what could be a turbulent year – volatility is the friend, not the foe, of the long-term investor.

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 %	Q4	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	7.9	23.1	23.1	25.6	36.1	94.4

Percentage growth (O acc)	%	Share price as at 31 December 2019	p
31 Dec 2018 – 31 Dec 2019	23.1	O accumulation	644.32
31 Dec 2017 – 31 Dec 2018	-8.6	C accumulation	658.80
31 Dec 2016 – 31 Dec 2017	11.6	C income	120.34
31 Dec 2015 – 31 Dec 2016	3.3		
31 Dec 2014 – 31 Dec 2015	4.9		

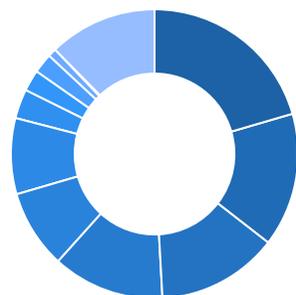
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

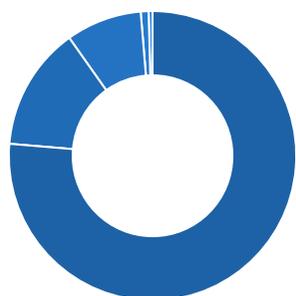
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer European Fund is not registered for distribution in any country other than the UK.

LF Ruffer European Fund as at 31 Dec 2019

Portfolio structure



Asset allocation	%		%
• UK	20.5	• Spain	2.3
• Germany	14.8	• Italy	2.2
• Sweden	13.8	• Netherlands	0.9
• France	12.6	• US	0.2
• Finland	8.7	• Cash	12.1
• Norway	8.5		
• Switzerland	3.3		



Currency allocation	%
• Sterling	76.4
• Swedish krona	13.8
• Norwegian krone	8.5
• Euro	0.9
• Swiss franc	0.4

10 largest of 52 holdings

Stock	% of fund	Stock	% of fund
PureTech Health	5.7	Altia	3.5
Yara International	5.5	Deutsche Post	3.2
Nlyte Software	4.5	Academedia	3.1
Raisio	3.8	Equinor	3.0
International Petroleum Corporation	3.7	Rubis	2.8

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 **£201.2m**

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	0.32	0.62
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 30 November 2019, assets managed by the Ruffer Group exceeded £19.8bn.

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