

LF Ruffer European Fund

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



March 2020 Issue 196

During the first quarter of 2020, the fund's O accumulation shares decreased by 21.8% from 644.32p to 503.88p. This compares to a 22.6% decrease in the FTSE Developed Europe in euro terms and a 19.2% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 85% at the end of March, with an additional 1% in long-dated currency call options and 14% in cash.

This quarter saw an outbreak of coronavirus in China turn into a global pandemic. Drastic measures taken by governments to contain the spread of the virus have led to a rapid contraction of economic activity. Companies are cutting costs and capital expenditure as well as canceling or postponing dividends in order to preserve cash and try to survive this sudden decline or evaporation of revenue. Central banks and governments around the world have responded with huge monetary and fiscal packages to support households and businesses. It is still highly uncertain how economies will rebound once the pandemic abates and containment measures are slowly lifted. Will we see a 'v-shaped recovery' or will higher levels of debt taken on by governments, households and businesses, together with higher unemployment (despite the best efforts of governments) lead to lower levels of spending and investment for years to come? Equity markets have tumbled as investors have struggled to price a recession of unknown depth and duration. We must remain open to the variety of different outcomes and be prepared to take advantage of the opportunities that arise in volatile markets.

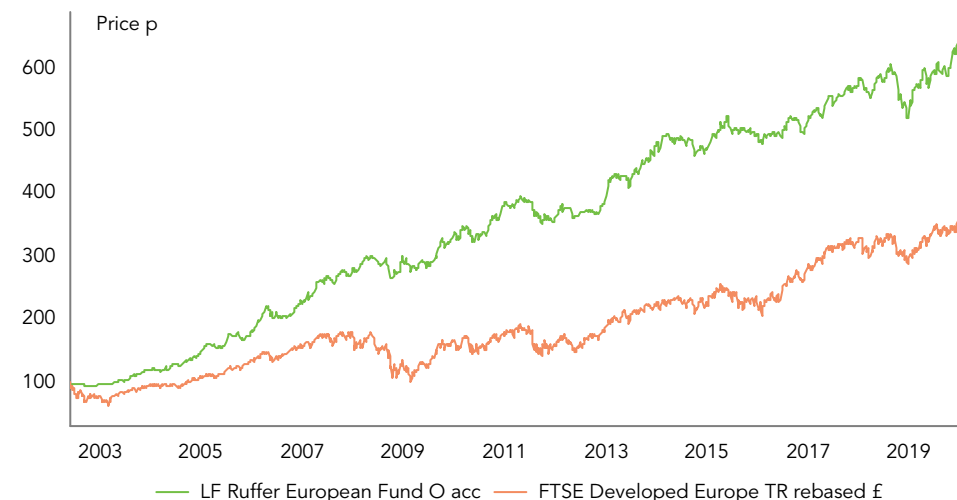
In February, we increased the cash weighting by selling lower conviction positions and those that would suffer in a less benign macro environment. With markets down 35% at their lowest point in March there were plenty of opportunities to deploy cash into stocks that were mispriced compared to our estimate of their long-term intrinsic value. Looking ahead, those companies with robust balance sheets, low operating leverage and strong franchises should be best placed to not only survive but prosper again once the public health crisis has passed. The airline sector has been particularly hard hit as a result of widespread international travel bans and many airlines look in a precarious state. Those companies that are resilient enough to survive will likely face a very different competitive environment in the future, with a resultant benefit to pricing. We initiated small positions in Ryanair and easyJet both of which should emerge from the crisis stronger. We also added to existing holdings where stock prices dislocated from fundamentals, including Kaufman & Broad, Comet and Rubis.

Perhaps the most difficult decision we are faced with is how quickly to deploy cash. One risks making huge losses by spending it too quickly if this turns out to be a prolonged bear market. We therefore chose not to go 'all in' during March and instead ended the quarter with a 14% cash weighting. We have dry powder to take advantage of further declines in equity markets and the dislocation of individual share prices.

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	-21.8	-21.8	-12.3	-4.3	1.0	46.3

Percentage growth (O acc)	%	Share price as at 31 March 2020	p
31 Mar 2019 – 31 Mar 2020	-12.3	O accumulation	503.88
31 Mar 2018 – 31 Mar 2019	2.9	C accumulation	515.60
31 Mar 2017 – 31 Mar 2018	6.1	C income	94.18
31 Mar 2016 – 31 Mar 2017	6.0		
31 Mar 2015 – 31 Mar 2016	-0.5		

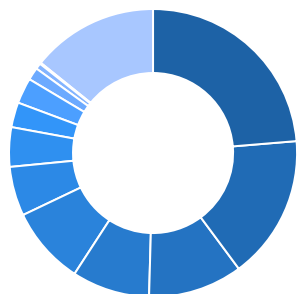
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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.

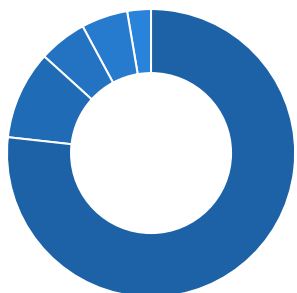
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer European Fund as at 31 Mar 2020

Portfolio structure



Asset allocation	%		%
• UK	23.7	• Italy	2.8
• Germany	16.2	• Spain	2.8
• Sweden	10.6	• Netherlands	1.5
• Finland	8.8	• Options	0.6
• France	8.6	• US	0.2
• Norway	5.7	• Cash	14.2
• Switzerland	4.4		



Currency allocation	%
• Sterling	76.8
• Swedish krona	10.0
• Swiss franc	5.3
• Norwegian krone	5.3
• Euro	2.6

10 largest of 51 holdings

Stock	% of fund	Stock	% of fund
Nlyte Software	6.5	Kaufman & Broad	3.7
PureTech Health	5.9	Academedia	3.6
Raisio	4.6	Rubis	3.0
Altia	4.1	Yara International	3.0
Deutsche Post	4.0	De Longhi	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 **£149m**

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	0.41	0.79
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 29 February 2020, assets managed by the Ruffer Group exceeded £19.1bn.

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