

LF Ruffer European Fund

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



June 2021 Issue 201

During the second quarter of 2021, the fund's O accumulation shares increased by 4.9% from 884.19p to 927.84p. This compares to a 6.8% increase in the FTSE Developed Europe total return in euro terms and a 7.6% increase in sterling terms. The fund's gross equity exposure was 97% at the end of June with 3% in cash, compared to 92% and 8% at the end of March.

The period under review saw Europe benefit from an improving epidemiological situation. Fund flows into the region's equity markets were the largest in years. Investor sentiment was buoyed by the continent's vaccination programme, which after a slow start picked up pace. Governments have been gradually releasing lockdown restrictions allowing continued recovery of economic activity. Despite the prospect of at least some degree of normality, we are less optimistic about prospective equity returns. High valuations and the bullish economic consensus leave little room for disappointment. Incrementally negative pandemic news, signs inflation is picking up or changes in central bank communication on the tightening of monetary policy, all leave equity markets vulnerable to the ebb and flow, if not whipsaw, of investor sentiment.

It is within this context we have found defensive healthcare a fertile hunting ground for new investments. The sector as a whole has been left behind as 'fast money' looked for quick returns in more cyclical industries. We recently invested in two companies where the market was focused on the short-term challenges each business faces. The companies were trading at a discount to the sector, which itself was trading at a discount to its long-term average. Whilst this 'double margin of safety' will take time to unwind, the risk-reward is highly attractive. We are comfortable taking a patient approach: our longer investment time horizon has proven to be a reliable source of investment returns.

The first company is Fresenius Medical Care, a global leader in kidney dialysis services and products. A reduction of treatment volumes caused by covid-19 resulted in management issuing a large profit warning, triggering a negative share price reaction and a slew of downgrades from sell-side analysts. Whilst the market is focused on near-term trading, we remain confident the underlying mid-term drivers of the dialysis market remain firmly in place: an ageing population, rising levels of obesity, diabetes and high blood pressure.

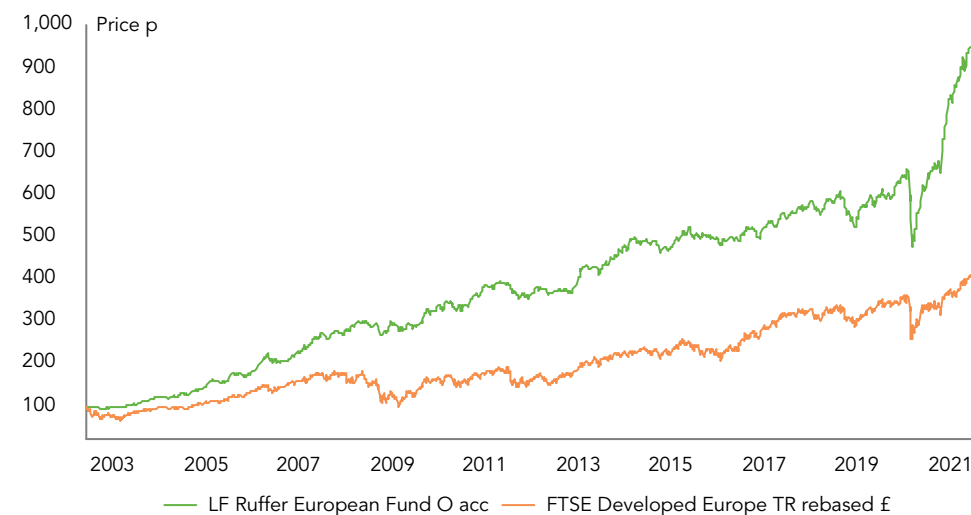
In the second case, GlaxoSmithKline, management has been working to deliver major strategic transformation and cultural change. It has significantly increased investment in research and development, strengthened the drug pipeline and improved commercial execution. This investment has temporarily suppressed profitability and reduced the dividend that will be paid to shareholders. The pandemic also weighed on the business, reducing take-up of several high margin vaccines. We spent time understanding the upside potential from the separation of pharma and consumer healthcare: we see substantial value in our sum of the parts analysis. In addition, low investor expectations skew the outcome in our favour; any positive news will help rebuild investor confidence in the transformation and drive a recovery of the share price.

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.

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



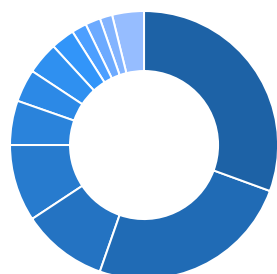
O accumulation shares	Performance %	Share price as at 30 June 2021	p
Q2	4.9	O accumulation	927.84
Year to date	13.9	C accumulation	952.95
1 year	52.3	C income	173.90
3 years	59.7		
5 years	88.1		
10 years	137.9		

12 month performance to June %	2017	2018	2019	2020	2021
LF Ruffer European Fund O acc	10.7	6.4	2.9	1.9	52.3
FTSE Developed Europe TR rebased £	25.3	4.5	6.1	-3.2	21.9

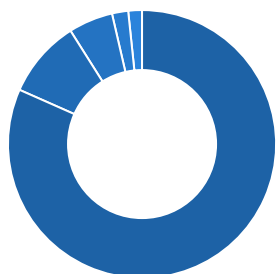
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer European Fund as at 30 Jun 2021

Portfolio structure



Asset allocation	%		%
• UK	30.5	• Portugal	2.8
• Germany	25.0	• Switzerland	2.0
• France	10.2	• Greece	1.7
• Sweden	9.4	• Belgium	1.6
• Norway	5.3	• Cash	3.8
• Finland	4.1		
• Spain	3.8		



Currency allocation	%
• Sterling	81.7
• Swedish krona	9.4
• Norwegian krone	5.3
• Swiss franc	2.0
• US dollar	1.6

10 largest of 51 holdings

Stock	% of fund	Stock	% of fund
PureTech Health	6.7	Rubis	3.6
Instone Real Estate	4.2	Veolia Environnement	3.6
Sigma Capital	4.0	Westwing Group	3.5
International Petroleum Corporation	3.9	GlaxoSmithKline	3.5
Home24	3.7	Fresenius Medical Care	3.3

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.

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.

Fund size **£276.1m**

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	0.04
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

	O class	C class
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 2021, assets managed by the Ruffer Group exceeded **£22.9bn**.

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