

LF Ruffer European Fund

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



September 2021 Issue 202

During the third quarter of 2021 the fund's O accumulation shares decreased by 2.8% from 927.84p to 901.60p. This compares to a 0.9% increase in the FTSE Developed Europe total return in euro terms and a 1.0% increase in sterling terms. The fund's gross equity exposure was 97% at the end of September with 3% in cash, this was the same at the end of June.

Throughout the quarter, European equity markets have continued to be driven by fluctuating expectations of growth, inflation and interest rates – and the interplay between them. The underlying growth rate is currently difficult to determine, obscured by supply chain constraints and prior year pandemic-driven demand. The debate on inflation is whether what we are currently witnessing is transitory, or the start of something more structural. The future direction of interest rates is a function of underlying growth and inflation, with each new data point influencing expectations. Equity valuations being a function of all three means that fluctuating expectations drive more price volatility, particularly at the individual stock level.

This elevated volatility is currently causing the portfolio to suffer something of a hangover. Last year's big winners like Westwing and Home24 have de-rated as growth has temporarily slowed. Other stocks suffered as their recovery got pushed into 2022. Rubis's jet fuel distribution business and cash handlers, Loomis and Prosegur, grew earnings less than anticipated as the Delta variant extended lockdowns and disrupted travel and tourism for a second summer. All these stocks are attractively valued versus their mid-term earnings potential.

Despite the lacklustre top line performance of the fund, there were notable positive contributors. Equinor and International Petroleum Corporation benefitted from rising oil and gas prices. Sixt benefitted from rising car rental prices. We built the position in Sixt during spring as our conviction grew that rental supply would be tight as lockdowns lifted, first in the US, then in Europe. Critically supply could not be quickly increased: rental fleets were aggressively cut during the pandemic and new car availability is limited by a global shortage of microchips. The result was double to triple digit percentage increases in rental prices and a phenomenal rise in profitability. Whilst not all of this will be sustained, some of it will be. This combined with Sixt's growth ambition will drive many years of profitable growth.

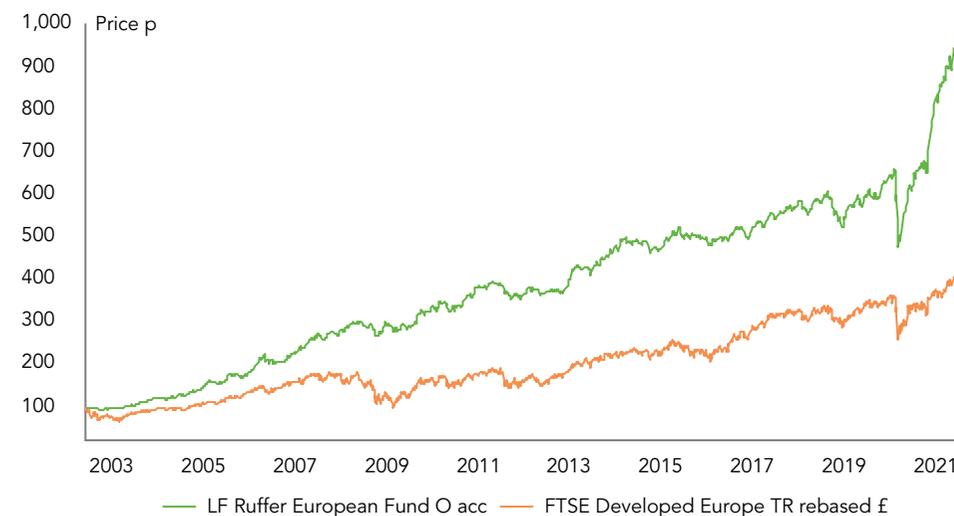
Towards the end of the quarter we increased our weighting in Veolia. The position was initiated in late 2020. Since then the stock has re-rated as uncertainty around its acquisition of Suez abated. In September the company completed a rights issue to fund the transaction. With deal, funding and soon anti-trust uncertainties clearing we expect the market to reappraise the opportunity for value creation. In addition to synergies and greater scale, Veolia has a strong competitive position and will benefit from growth of the circular economy. As earnings growth accelerates and Veolia becomes recognised as a world leader in water and waste management we expect the valuation discount versus global peers to close.

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



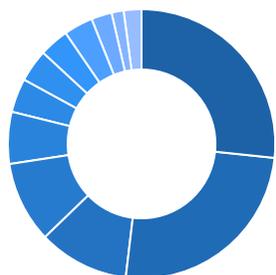
O accumulation shares	Performance %	Share price as at 30 September 2021	p
Q3	-2.8	O accumulation	901.60
Year to date	10.6	C accumulation	926.70
1 year	36.6	C income	167.72
3 years	52.2		
5 years	73.3		
10 years	151.6		

12 month performance to September %	2017	2018	2019	2020	2021
LF Ruffer European Fund O acc	8.6	4.8	0.8	10.5	36.6
FTSE Developed Europe TR rebased £	19.1	3.4	5.4	-4.3	22.8

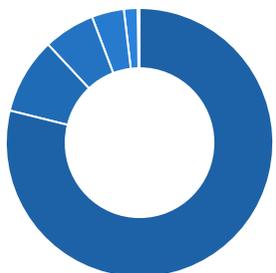
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer European Fund as at 30 Sep 2021

Portfolio structure



Asset allocation	%		%
• Germany	26.8	• Spain	3.7
• UK	25.1	• Portugal	3.4
• France	11.0	• Belgium	2.4
• Sweden	9.2	• Greece	1.6
• Norway	6.2	• Cash	2.8
• Finland	4.0		
• Switzerland	4.0		



Currency allocation	%
• Sterling	78.8
• Swedish krona	9.2
• Norwegian krone	6.2
• Swiss franc	4.0
• US dollar	1.5
• Euro	0.3

10 largest of 49 holdings

Stock	% of fund	Stock	% of fund
PureTech Health	7.5	International Petroleum Corporation	4.1
Veolia Environnement	4.6	Rubis	3.7
Sixt SE	4.3	Home24	3.6
Instone Real Estate	4.3	Sonae SGPS	3.4
GlaxoSmithKline	4.2	Fresenius Medical Care	3.3

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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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 **£260m**

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	0.54	0.83
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)

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

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