

LF Ruffer European Fund

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



December 2021 Issue 203

During the fourth quarter of 2021 the fund's O accumulation shares decreased by 3.1% from 901.60p to 873.89p. This compares to a 7.5% increase in the FTSE Developed Europe total return in euro terms and a 5.0% increase in sterling terms. For 2021 as a whole the fund's O accumulation shares increased by 7.2%. This compares to a 17.8% increase in the FTSE Developed Europe total return in sterling terms. The fund's gross equity exposure was 83% at the end of December with the remaining 17% in cash. At the end of September the gross figure was 97% with 3% in cash.

2021 was another stellar year for equity markets, the third in a row. Global and European indices closed the year at or near all-time highs. This was driven by a strong and sustained economic recovery, combined with continued loose monetary policy. Rather interestingly, the second half of the year witnessed a divergence in performance between European large and small/ mid capitalisation stocks: the latter underperforming the former. In the fourth quarter large cap growth in particular outperformed, as fears of diminishing liquidity and increased volatility drove investors to the safe haven of these more liquid stocks.

Overall, the performance of the fund was disappointing for the year. We outperformed in the first quarter: renewed lockdowns drove stay-at-home beneficiaries to what, with the benefit of hindsight, were frothy levels; concurrently, cyclical stocks continued to recover their 2020 losses as Europe's vaccine roll out finally got under way. In the second quarter, volatile biotech and renewable energy stocks were a headwind. The third quarter's weakness was driven by a collapse in the valuation of ecommerce stocks, which flipped from 'must own' to 'most shorted', driven by temporarily higher logistics costs and normalising growth. We have been gently adding to these positions as we consider the current valuations to be compelling.

The fund significantly underperformed the market in the fourth quarter driven by four factors. Firstly, ecommerce stocks' weakness continued. Secondly, the idiosyncratic underperformance of several large positions, each of which we added to: PureTech Health (delayed clinical readouts), AcadeMedia (political posturing ahead of a general election), Rubis (energy transition concerns). Thirdly, the impairment of two stocks due to changes in our view of their intrinsic value. Fourthly, we suffered from exposure to attractively valued mid/ small cap stocks which did 'just fine' and under exposure to highly valued large cap growth stocks, which performed incredibly strongly.

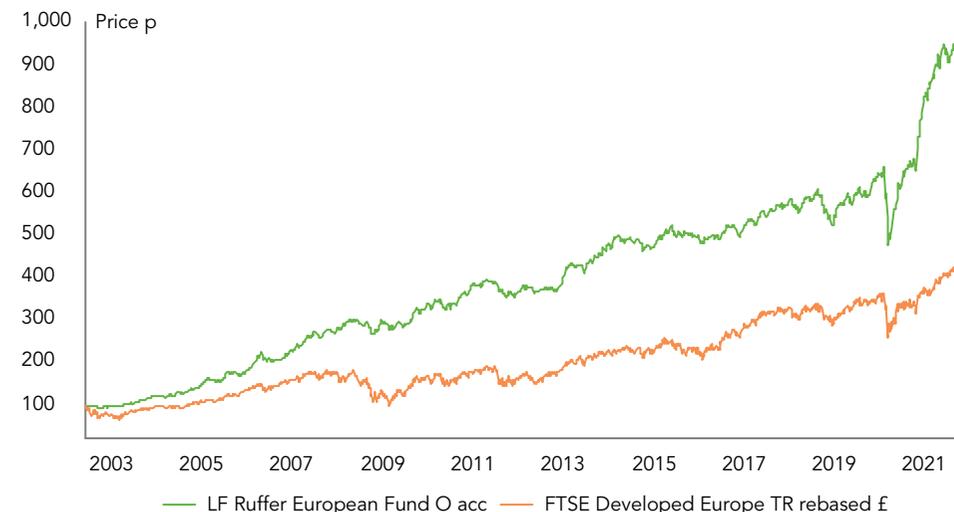
We enter 2022 with notable risks: inflation, tightening financial conditions, monetary policy mistakes, a China slowdown, lofty valuations, further covid waves. Nevertheless, these risks are well flagged by market commentators, reducing their incremental surprise power. Despite elevated valuations and the absence of a major correction in the last 18 months, we do not see widespread euphoria in European equity markets – 2022 could therefore be another good year for equities. Given the wide range of possible outcomes we will continue to take a balanced approach to portfolio management and deploy the fund's cash balance in special situations and stocks with potential for multi-year earnings growth.

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



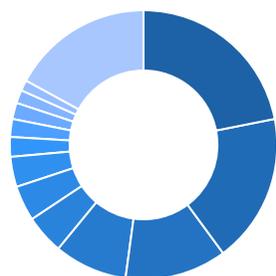
O accumulation shares	Performance %	Share price as at 31 December 2021	p
Q4	-3.1	O accumulation	873.89
Year to date	7.2	C accumulation	898.90
1 year	7.2	C income	162.68
3 years	67.0		
5 years	70.3		
10 years	142.5		

12 month performance to December %	2017	2018	2019	2020	2021
LF Ruffer European Fund O acc	11.6	-8.6	23.1	26.5	7.2
FTSE Developed Europe TR rebased £	15.6	-9.1	19.8	3.3	17.8

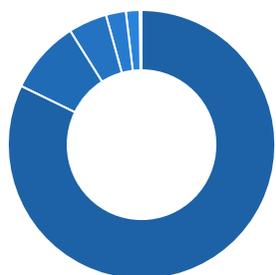
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer European Fund as at 31 Dec 2021

Portfolio structure



Asset allocation	%		%
• Germany	21.8	• Norway	2.5
• UK	18.0	• Belgium	2.2
• France	12.2	• Portugal	1.9
• Sweden	8.9	• Netherlands	1.5
• Switzerland	4.7	• Greece	1.4
• Finland	4.3	• Cash	17.0
• Spain	3.5		



Currency allocation	%
• Sterling	82.1
• Swedish krona	8.9
• Swiss franc	4.7
• Norwegian krone	2.5
• Euro	1.5
• US dollar	0.3

10 largest of 41 holdings

Stock	% of fund	Stock	% of fund
PureTech Health	6.3	Home24	3.2
Veolia Environnement	6.1	Fresenius Medical Care	3.0
GlaxoSmithKline	4.7	Instone Real Estate	2.9
Rubis	3.9	Loomis	2.8
Academedica	3.6	Sixt SE	2.6

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 **£260.8m**

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	0.56	0.86
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 30 November 2021, assets managed by the Ruffer Group exceeded £23.7bn.

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