

# LF Ruffer European Fund

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



March 2022 Issue 204

During the first quarter of 2022 the fund's O accumulation shares decreased by 5.4% from 873.89p to 826.99p. This compares to a 5.5% decrease in the FTSE Developed Europe total return in euro terms and a 4.8% decrease in sterling terms. The fund's gross equity exposure was 93% at the end of March with the remaining 7% in cash. At the end of December the gross figure was 83% with 17% in cash.

European equity markets faced a litany of headwinds during the quarter. Concerns regarding sustained inflation, rising interest rates, covid resurgence and the invasion of Ukraine, combined with the ensuing energy crisis, peppered the front pages of the news. Despite all this, the FTSE Developed Europe index ended the quarter down only seven percent from its January high.

The limited draught belies the market's volatility and violent rotations. Large capitalisation stocks outperformed small and mid caps; value stocks outperformed growth. Correlations and volatility increased hand in hand, driven by record outflows from Europe. Reliance on Russian hydrocarbons has catapulted the consumer into a cost of living crisis, is squeezing industrial companies' margins and caused a reassessment of geopolitical risk across the continent. There is a diminished appetite from the global investor to take on European risk. War, with all its uncertainty and ramifications, is on the doorstep.

It should be no surprise therefore that the largest contributor to the fund's performance was Hensoldt, Germany's national champion in defence electronics. We invested in 2021: despite a strong competitive position and favourable outlook it was trading at a discount to the sector, which itself was cheap. Defence stocks were out of favour as governments reassessed spending priorities post the pandemic and investors were reluctant to own defence companies for 'social' reasons. Since the outbreak of war, Hensoldt's stock has more than doubled as governments and investors respond to the new geopolitical reality – Germany has finally committed to spend 2% of GDP on defence, alongside a €100bn special budget. The shares remain compelling value given the scale of what will be spent on re-arming Europe in the years ahead.

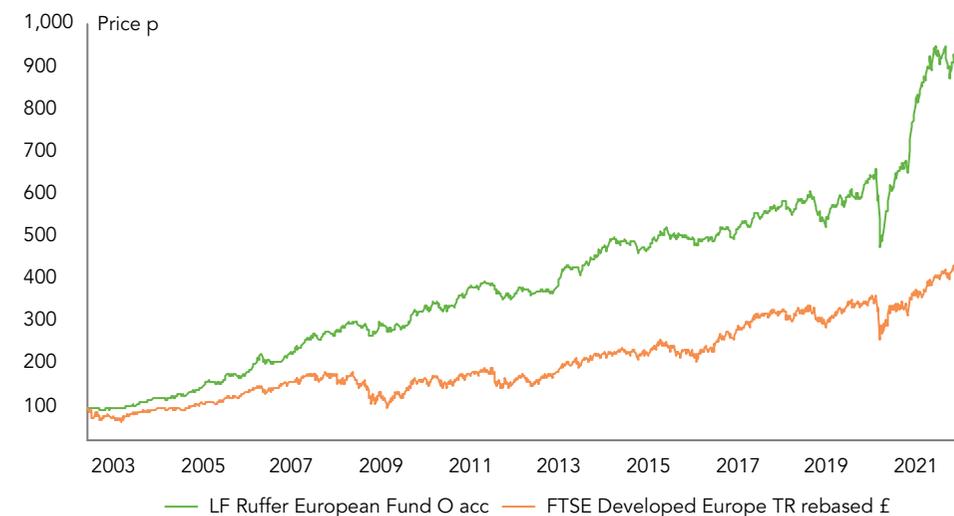
Finally, we were disturbed to hear of allegations against Orpea, a player in the private nursing home sector. An investigative journalist accused the company of rationing items and misappropriating government funds. In the wake of the scandal the CEO stepped down, the Board commissioned an independent report and the government launched an investigation. As the story unfolded Orpea's share price more than halved and we added to our position. The company is taking the right steps: increasing transparency, admitting fault where it exists and taking remedial action. We continue to view the long-term outlook for Orpea as positive. Despite the critical attention, the private sector is part of the solution to a healthcare system creaking under its own weight. All players in the sector will face tighter regulation and oversight – this will be good for residents. Further noisy headlines can be expected throughout this year's French elections, after which Orpea can re-rate as investors renew focus on its modest valuation vis-à-vis prospects for profitable 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



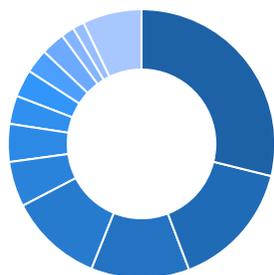
O accumulation shares	Performance %	Share price as at 31 March 2022	p
Q1	-5.4	<b>O accumulation</b>	<b>826.99</b>
Year to date	-5.4	<b>C accumulation</b>	<b>851.30</b>
1 year	-6.5	<b>C income</b>	<b>154.07</b>
3 years	44.0		
5 years	57.1		
10 years	118.1		

12 month performance to March %	2018	2019	2020	2021	2022
LF Ruffer European Fund O acc	6.1	2.9	-12.3	75.5	-6.5
FTSE Developed Europe TR rebased £	2.9	4.2	-10.8	31.8	8.6

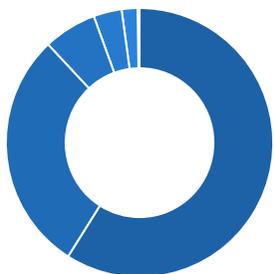
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

# LF Ruffer European Fund as at 31 Mar 2022

## Portfolio structure



Asset allocation	%		%
• Germany	28.9	• Netherlands	3.4
• UK	15.3	• Spain	2.9
• France	11.9	• Belgium	2.8
• Sweden	11.4	• Portugal	1.6
• Finland	5.5	• Greece	1.5
• Switzerland	4.4	• Cash	7.1
• Norway	3.4		



Currency allocation	%
• Sterling	58.9
• Euro	29.1
• Swedish krona	6.4
• Norwegian krone	3.4
• Swiss franc	1.9
• US dollar	0.3

## 10 largest of 43 holdings

Stock	% of fund	Stock	% of fund
Hensold AG	5.8	Veolia Environnement	4.0
GlaxoSmithKline	5.1	Academedia	3.6
ORPEA	5.0	Deutsche Post	3.5
International Petroleum Corporation	4.7	UPM-Kymmene Oyj	3.4
PureTech Health	4.5	Koninklijke Philips	3.4

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](http://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 **£251.4m**

## 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	0.59	0.91
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	O class	C class
	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 28 February 2022, assets managed by the Ruffer Group exceeded £25.3bn.

## Enquiries

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