

# LF Ruffer European Fund

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



During the second quarter of 2022 the fund's O accumulation shares decreased by 13.7% from 826.99p to 714.07p. This compares to a 7.7% decrease in the FTSE Developed Europe total return in euro terms and a 5.6% decrease in sterling terms. The fund's gross equity exposure was 85% at the end of June with the remaining 15% in cash. At the end of March the gross figure was 93% with 7% in cash.

The second quarter was difficult for equity investors. Surging inflation led central banks to tighten monetary policy. Interest rates have been raised and further rises have been signalled. Quantitative easing – the buying of bonds by Central Banks – is beginning to be reversed. The speed with which the loose financial conditions of the last decade have been reversed has caught markets off guard.

These changes put downward pressure on equity prices. Inflation makes predicting companies' earnings harder – it injects volatility into results and obscures underlying trends. Valuation multiples decline as uncertainty increases. Higher interest rates also exert downward pressure on multiples – they reduce the present value of future earnings and hence what investors are willing to pay for a share of those earnings. Finally the reversal of quantitative easing extracts liquidity from markets – this leaves less money available for allocation to equities, particularly more speculative areas of the market and smaller capitalisation stocks, which are perceived to be more risky. Less money available means fewer buyers and hence lower prices.

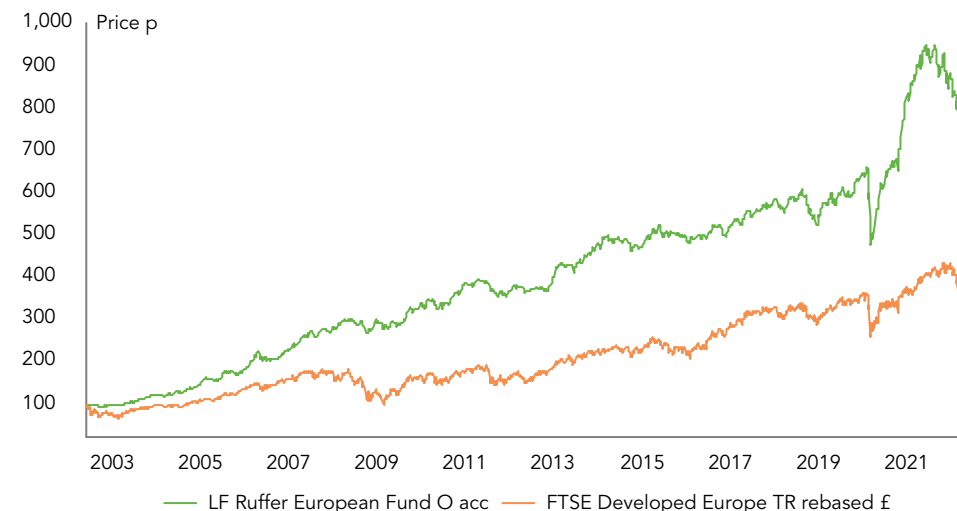
Whilst most equities have faced headwinds in recent months, smaller capitalisation and growth stocks, which the Fund has a material allocation to, have been particularly hard hit. Cognisant that conditions were deteriorating we made a number of changes to the portfolio. Firstly we exited lower conviction positions: those that had done well and we judged to offer less absolute upside; and those which we would not feel comfortable adding to if their price fell substantially (in general this is an excellent test of real conviction). The second action we took was to become even more selective than usual in deploying capital. There is currently an acute level of uncertainty regarding the outlook for corporate profits, monetary policy and market conditions. We added only one new stock in the quarter (low risk as it is subject to an all cash bid with minimal regulatory hurdles) and very selectively raised weightings where we judged stock prices to have dislocated from fundamentals. The consequence of these actions is a more concentrated portfolio and a higher cash weighting.

In addition to rising inflation, rising interest rates and reduced liquidity, the market is now grappling with the prospect of a consumer-led recession. In aggregate these are significant headwinds for company fundamentals and valuations. Nevertheless equities have de-rated substantially and we are beginning to see value emerge. In some instances the baby has been thrown out with the proverbial bathwater. We are looking for companies with structural growth, pricing power and a moderate starting valuation - we are excited to have found some and are carefully deploying the fund's cash where we have strong mid-term conviction.

## Investment objective

To seek to achieve capital growth over the longer term (at least seven years), after all costs and charges have been taken. Capital invested is at risk and there is no guarantee that the objective will be achieved over any time period.

## Performance since launch on 5 June 2002



O accumulation shares	Performance %	Share price as at 30 June 2022	p
Q2	-13.7	<b>O accumulation</b>	<b>714.07</b>
Year to date	-18.3	<b>C accumulation</b>	<b>735.61</b>
1 year	-23.0	<b>C income</b>	<b>133.13</b>
3 years	19.4		
5 years	30.8		
10 years	92.8		

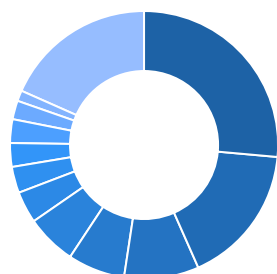
12 month performance to June %	2018	2019	2020	2021	2022
LF Ruffer European Fund O acc	6.4	2.9	1.9	52.3	-23.0
FTSE Developed Europe TR rebased £	4.5	6.1	-3.2	21.9	-6.5

Source: Ruffer LLP, FTSE International (FTSE)†

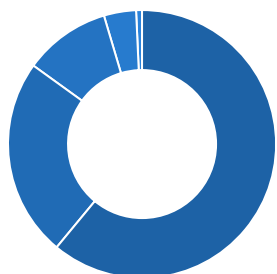
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer European Fund as at 30 Jun 2022

## Portfolio structure



Asset allocation	%		%
• Germany	26.5	• Netherlands	3.0
• Sweden	16.8	• Belgium	2.9
• UK	9.1	• Switzerland	2.0
• France	6.9	• Greece	1.4
• Finland	6.1	• Cash	18.4
• Norway	3.8		
• Spain	3.1		



Currency allocation	%
• Sterling	61.0
• Euro	23.9
• Swedish krona	10.6
• Norwegian krone	3.7
• Swiss franc	0.7
• US dollar	0.1

## 10 largest of 36 holdings

Stock	% of fund	Stock	% of fund
Hensold AG	5.9	PureTech Health	4.3
Swedish Match	5.2	Software AG	4.2
Deutsche Post	4.9	Veolia Environnement	3.8
International Petroleum Corporation	4.4	Academedia	3.8
UPM-Kymmene Oyj	4.4	Loomis	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 **£223.8m**

## 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	0.69	1.05
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	O class GB0031678161 (acc)	C class 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 2022, assets managed by the Ruffer Group exceeded **£26.6bn**.

## Enquiries

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