

LF Ruffer European Fund

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

During the fourth quarter of 2022 the fund's C accumulation shares increased by 11.4% from 691.47p to 770.19p. This compares to a 9.8% increase in the FTSE Developed Europe total return in euro terms and a 11.0% increase in sterling terms. For 2022 the fund's C accumulation shares decreased by 14.3%. This compares to a 9.7% decrease in the FTSE Developed Europe total return in euro terms and a decrease of 4.6% in sterling terms. The fund's gross equity exposure was 87% at the end of December with 12% in cash and 2% in oil futures. At the end of September the gross figure was 84% with 16% in cash.

At the start of 2022 the primary concern was the nature of inflation (transitory or persistent) and the appropriate interest rate path to manage the range of outcomes. Russia's devastating invasion of Ukraine added oxygen to the inflationary embers. Principally, Russia's withdrawal of hydrocarbons from Western energy markets was a major inflationary impulse. Long-duration asset prices fell as the US Federal Reserve led a global tightening of liquidity. In Europe, not only have soaring energy prices made its industrial heartland globally uncompetitive, but 'energy poverty' has squeezed the consumer into recession. Global investors have a diminished appetite to take on European risk.

The fund was adversely affected by exposure to these trends. The largest detractor (c -5.3%) was our stable of ecommerce stocks as valuations compressed and earnings estimates collapsed. More idiosyncratically, we made a mistake by increasing our investment in ORPEA in response to the 'gravediggers' scandal, which detracted c 4.1% from performance. Compared to the index, we were significantly underweight financials which were relatively resilient in the higher interest rate environment. There was little respite except for our investments in defence (Hensoldt) and energy (Equinor and IPCO), which contributed c 6.7% to returns, on a mean portfolio weight of c 9.9%.

In the fourth quarter, European equities staged a rally which can be partially explained by anticipation of inflation rolling over and hence an end in sight to interest rate rises, partly by anticipation of easing covid lockdowns in China, and perhaps most importantly a simple unwind in the level of pessimism which had characterised late September.

The fund matched the rebound of our comparator, despite our considerable cash weighting. The stocks which had performed weakest into the quarter rebounded the strongest. German consumer companies Zalando and Westwing have rallied around 70% for the quarter, contributing c 3% of performance. Another major driver was a recovery in several high conviction holdings, Veolia, Deutsche Post, UPM and Yara, which contributed c 3.5% to performance.

Our cash balance remains high despite material weakness in pockets of the stock market. Elevated inflation volatility has made the operating environment more challenging, and we doubt corporate margins can be sustained into a recession. The range of outcomes is large, and there is potential for whipsaw. While tempting to act on the siren song of short-term prognostication, we think it is essential to retain a long-term time horizon and a patient mindset. For any meaningful holding period, we think the market values our businesses significantly below intrinsic value, and we continue to concentrate the portfolio around our highest conviction ideas.

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.

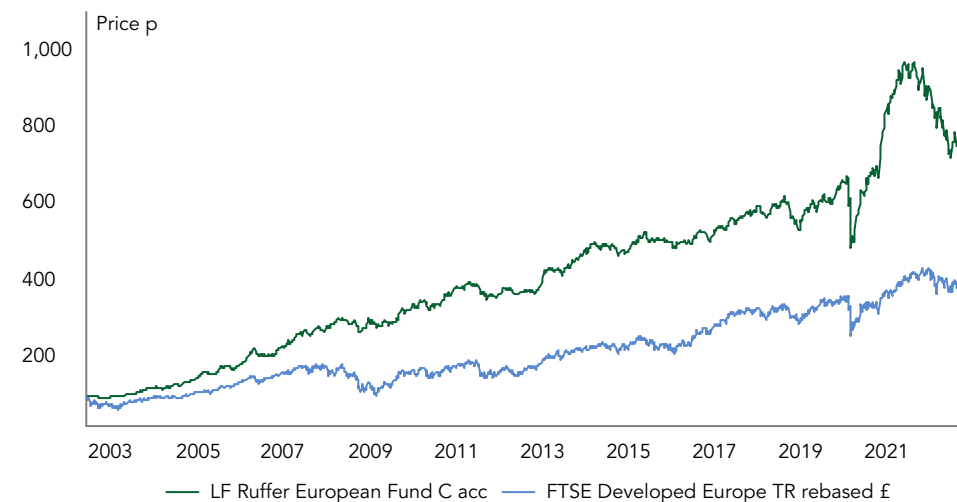


December 2022 Issue 207

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



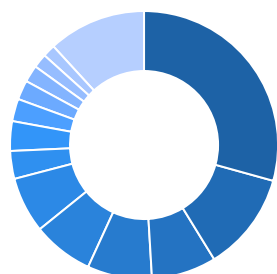
C accumulation shares	Performance %	Share price as at 30 December 2022	p
Q4	11.4	C accumulation	770.19
Year to date	-14.3	C income	138.16
1 year	-14.3		
3 years	16.9		
5 years	32.3		
10 years	98.8		

12 month performance to December %	2018	2019	2020	2021	2022
LF Ruffer European Fund C acc	-8.3	23.5	26.8	7.6	-14.3
FTSE Developed Europe TR rebased £	-9.1	19.8	3.3	17.8	-4.6

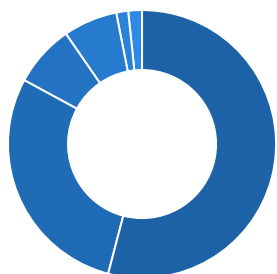
Source: Ruffer LLP, FTSE International (FTSE)†

LF Ruffer European Fund as at 30 Dec 2022

Portfolio structure



Asset allocation	%		%
● Germany	29.3	● Switzerland	3.5
● Sweden	12.0	● Belgium	2.8
● France	7.8	● Greece	2.2
● UK	7.7	● Europe equities	2.2
● Finland	7.5	● Commodity	1.6
● Norway	6.5	● Other	1.6
● Spain	3.5	● Cash	11.8



Currency allocation	%
● Sterling	54.2
● Euro	28.8
● Swedish krona	7.3
● Norwegian krone	6.5
● US dollar	1.6
● Swiss franc	1.6

10 largest of 35 holdings

Stock	% of fund	Stock	% of fund
Software AG	6.7	PureTech Health	4.8
Veolia Environnement	6.1	Academedia	4.6
Deutsche Post	5.8	Yara International	4.2
Instone Real Estate	5.1	Zalando	4.2
UPM-Kymmene Oyj	4.9	Loomis	3.5

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

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 **£205.7m**

Fund information

	%
Ongoing Charges Figure*	1.27
Annual management charge	1.20
Maximum initial charge	5.0
Yield	0.81
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

	Accumulation	Income
ISIN	GB00B84JVJ48	GB00B7KNM781
SEDOL	B84JVJ4	B7KNM78

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

FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication.

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 2022, assets managed by the Ruffer Group exceeded £26.1bn.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL ruffer.co.uk

This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2022