

# LF Ruffer European Fund

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

During the first quarter of 2023 the fund's C accumulation shares increased by 3.4% from 770.19p to 796.64p. This compares to a 8.6% increase in the FTSE Developed Europe total return in euro terms and a 7.6% increase in sterling terms. The fund's gross equity exposure was 79% at the end of March with 18% in cash and 3% in Oil futures. At the end of December gross equity exposure was 87% with 12% in cash and 2% in Oil futures.

Equity markets continued to rally at the start of the year as expectations of a 'soft landing' grew, thereby reducing the perceived likelihood of a severe recession in 2023. The market started to believe that growth will be resilient and interest rates will fall, a potent combination for risk assets. We describe this fragile situation as the 'Goldilocks' scenario. Whilst this optimistic view prevailed for weeks, towards the end of the quarter it was dashed with fear of a 'Liquidation Crisis'. The collapse of Silicon Valley Bank in March (caused by a conventional 'run' on deposits) has raised concerns of a systemic problem with the financial system, damaging the Goldilocks thesis and hence stock market performance. Central bank intervention stabilised the situation, but stock prices in the more cyclical parts of the economy remain below recent highs.

Returns were balanced across the portfolio, though our performance lagged the index due to the fund's relatively large cash balance. Our stable of large capitalisation companies which form the engine of the portfolio contributed most. Deutsche Post and Veolia are representative examples which combine cyclical sensitivity with attractive long term growth profiles, and together contributed 2.3%. Detractors from performance were focussed on companies that performed well last year. Our energy holdings (IPCO and Equinor) contributed -0.9%, and UPM detracted -0.7% due to concerns around end market commodity prices. The largest detractor was Software AG, which contributed -1.0% as the market was disappointed by continued earnings downgrades and weaker medium-term guidance. We have been increasing our stake and consider the downside protected as it is a credible acquisition candidate.

We commented previously on the battle between 'fundamentals' and 'flows' in financial markets. Liquidity dynamics continue to dominate share price moves. These are hazardous waters, so we continue to place a premium on liquidity and are concentrating the portfolio on our highest conviction holdings, without taking specific macro bets. This results in a portfolio with an engine of high-quality businesses at modest valuations, and special situations where the shareholder return is likely to be driven by idiosyncratic factors. Recent history has taught us to expect the unexpected, and our focus is to look for investments that can perform well in spite of everything.

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.

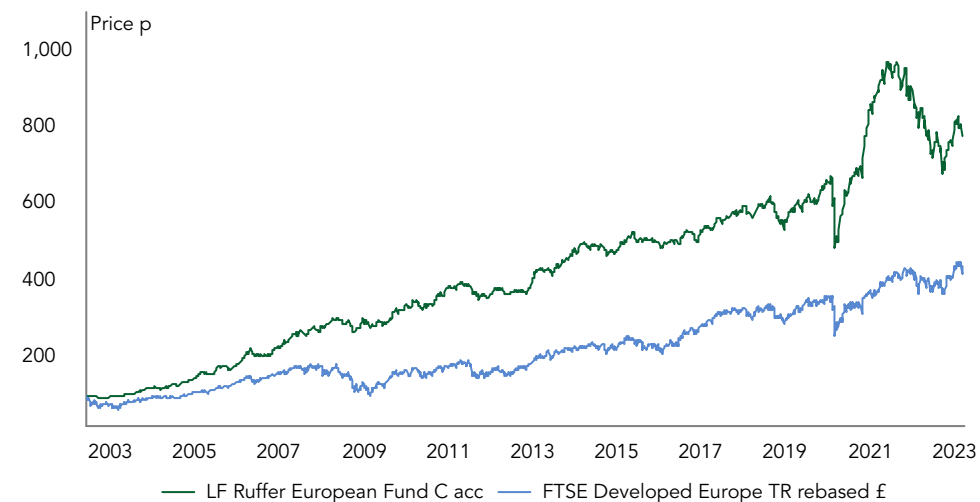


March 2023 Issue 208

## 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



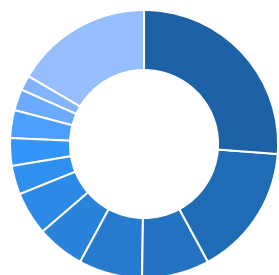
C accumulation shares	Performance %	Share price as at 31 March 2023	p
Q1	3.4	<b>C accumulation</b>	<b>796.64</b>
Year to date	3.4	<b>C income</b>	<b>142.91</b>
1 year	-6.4		
3 years	54.5		
5 years	40.3		
10 years	85.7		

12 month performance to March %	2019	2020	2021	2022	2023
LF Ruffer European Fund C acc	3.2	-12.0	76.0	-6.2	-6.4
FTSE Developed Europe TR rebased £	4.2	-10.8	31.8	8.6	7.8

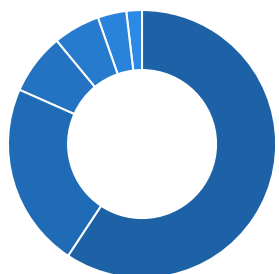
Source: Ruffer LLP, FTSE International

# LF Ruffer European Fund as at 31 Mar 2023

## Portfolio structure



Asset allocation	%		%
● Germany	26.1	● Commodity	3.3
● Sweden	15.9	● Spain	3.3
● UK	8.2	● Belgium	2.6
● France	7.7	● Greece	1.8
● Norway	5.7	● Cash	16.6
● Finland	5.2		
● Switzerland	3.6		



Currency allocation	%
● Sterling	59.2
● Euro	22.5
● Swedish krona	7.3
● Norwegian krone	5.7
● US dollar	3.4
● Swiss franc	1.9

## 10 largest of 32 holdings

Stock	% of fund	Stock	% of fund
Deutsche Post	6.7	Software AG	4.9
Veolia Environnement	6.1	Yara International	4.6
Instone Real Estate	5.6	Loomis	4.5
UPM-Kymmene Oyj	5.2	Zalando	3.8
Academedia	4.9	International Petroleum Corporation	3.6

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](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 **£213.8m**

## Fund information

	%
Ongoing Charges Figure*	1.27
Annual management charge	1.20
Maximum initial charge	5.0
Yield	0.79
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	GB00B7KNNM781
SEDOL	B84JVJ4	B7KNNM78

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 2023, assets managed by the Ruffer Group exceeded £26.2bn.

## Enquiries

Ruffer LLP +44 (0)20 7963 8218  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [ruffer.co.uk](http://ruffer.co.uk)

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