

# CF Ruffer European Fund

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

During July the fund's O accumulation shares rose by 0.8% from 501.38 to 505.64. This compares to a 3.5% increase in the STOXX Europe 600 in euro terms and a 3.4% increase on a comparable, sterling-adjusted basis. The fund's equity exposure was 77.8% at the end of July; with 1.2% of that figure in index put options, the underlying 'long' equity exposure was 76.7%. At 30 June this was 78.9%, with 1.6% in index put options.

Whilst perhaps not unusual for Greece to be on investors' minds in July, the reason for its prominence this year was not the anticipation of a relaxing break on a yacht. Indeed the only break under consideration was that of Greece from the eurozone, an idea espoused by Germany's hard-line finance minister, Wolfgang Schäuble, much to the chagrin of his more accommodating partners, particularly the French. Whilst it currently seems likely a third bailout will be cobbled together, this month's shenanigans have reduced confidence in the execution of whatever plan is agreed and raised questions about the long term sustainability of the euro itself. In the short term the ECB can be relied upon to do 'whatever it takes', but structural issues will only be resolved when countries at the core of Europe see eye to eye. Recent divergence of opinion between France and Germany illustrates the inevitable tension that erupts when national and European realpolitik collide. The implication for the fund is that we will continue to fully hedge our euro exposure.

Away from Greece, we have spent time digesting insights from several dozen company meetings. The overarching conclusion is confirmation that the global economy is doing 'okay': the US and Europe are growing, albeit low single digit, but global growth is tempered by weakness in China, Brazil and Russia. Stock market gyrations and suspensions in China made the headlines but the domestic slowdown is of greater relevance to European investors: whilst the first clues were lower automotive sales and softer construction data, it is now apparent the slowdown is broader based and the GDP growth rate is falling sharply. We will keep a close eye on what European companies say about China as they report over the coming weeks. The other notable conclusion from our meetings is that the northern European consumer is in rude health: wage growth combined with a lower oil price has supported the strongest rise in incomes since the great financial crisis. We are optimistic our consumer stocks will benefit from this strength.

During the month we initiated a position in German drinks company Berentzen and added to our DAX put protection ahead of the reporting season. Berentzen has a long and until a few years ago illustrious history. Founded in 1758 it produces Berentzen Apfelkorn, an apple-based schnapps known to many German teenagers as they come of age! In 2008 a large proportion of the business was acquired by a restructuring specialist, as squabbles between shareholders delayed the difficult decisions required to reduce cost and refocus the business. Following a period of intense rehabilitation the business is poised for growth. The revitalised Berentzen will be less dependent on alcohol and has increased exposure to growing niches such as fresh fruit juice and energy drinks based on natural stimulants. Having not been covered by sell side analysts for years the stock price was languishing and we were able to buy shares at an attractive valuation.

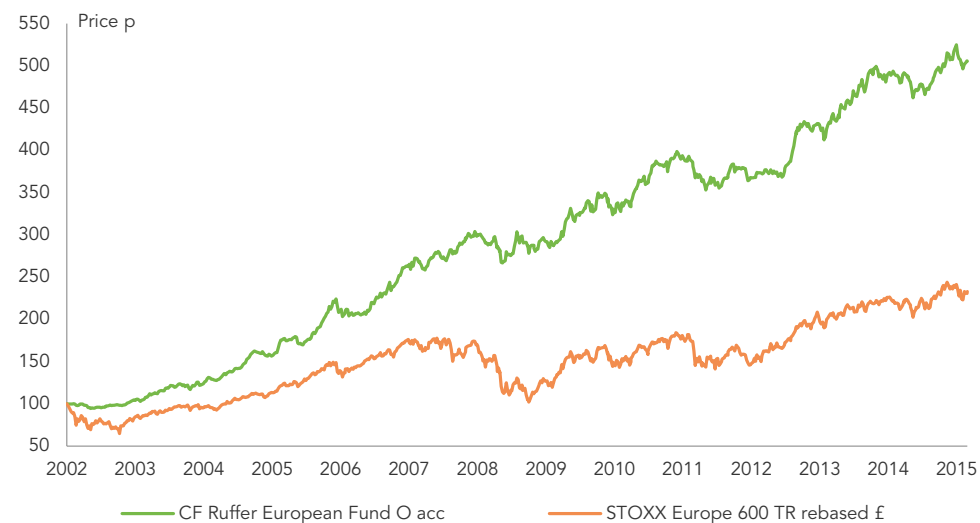
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other than the UK.



## 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



Performance %	July 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.8	6.8	4.0	35.8	49.6	186.1

Percentage growth (O acc)	%	Share price as at 31 July 2015	p
30 Jun 2014 – 30 Jun 2015	1.6	<b>O accumulation</b>	<b>505.64</b>
30 Jun 2013 – 30 Jun 2014	18.5	<b>C accumulation</b>	<b>510.14</b>
30 Jun 2012 – 30 Jun 2013	12.5		
30 Jun 2011 – 30 Jun 2012	-5.0		
30 Jun 2010 – 30 Jun 2011	17.9		

Source: Ruffer LLP

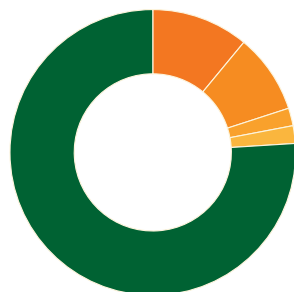
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer European Fund as at 31 July 2015

## Portfolio structure



Asset allocation	%		%
UK index-linked gilts	14	UK equities	28
Cash	7	Germany equities	17
Gold and gold equities	2	Switzerland equities	10
Options	1	Sweden equities	9
		France equities	7
		Finland equities	3
		Norway equities	2



Currency allocation	%
Sterling	76
Swiss franc	11
Swedish krona	9
Norwegian krone	2
US dollar	2

## 10 largest holdings (60 equities and 3 bonds)

Stock	% of fund	Stock	% of fund
Aurelius	5.9	Loomis	4.1
IP Group	4.7	Earthport	4.0
UK Treasury index-linked 0.125% 2024	4.6	ORPEA	3.7
UK Treasury index-linked 1.875% 2022	4.6	4d pharma	3.4
UK Treasury index-linked 0.125% 2019	4.5	Comet	2.9

Source: Ruffer LLP

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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.

Fund size £278.8m

## Fund information

%	O class	C class
Ongoing Charges Figure	1.55	1.25
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.21
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward to 10am Wednesday, based on NAV Plus forward from 10am on last Wednesday of the month to last business day of the month	
ISIN	O class GB0031678161	C class GB00B84JVJ48
SEDOL	3167816	B84JVJ4
Investment adviser	Ruffer LLP	
ACD	Capita Financial Managers Limited	
Depositary	BNY Mellon Trust & Depositary (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

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## Fund Managers

### Timothy Youngman

INVESTMENT DIRECTOR

Moved into European equity research in 1985, after a period with McKinsey & Co and at Manchester Business School. He moved from Savory Milln to SG Warburg in 1988, then to an independent research boutique in 1999, before joining Ruffer in 2003.



### Guy Thornewill

INVESTMENT DIRECTOR

Began at Threadneedle Investments in 1996. After four years in Paris at Jefferies International as a pan-European stock-picking analyst on the sell side, returned to London in 2007 to work for Alliance-Bernstein, researching European mid-cap companies. A CFA charterholder, he joined Ruffer in 2009.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2015, assets managed by the Ruffer Group exceeded £18.5bn, of which over £8.8bn was managed in open-ended Ruffer funds.

## Dealing line

0345 601 9610

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