

# CF Ruffer European Fund

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



During October, the fund's O accumulation shares increased by 1.1% from 565.31p to 571.76p. This compares to a 1.9% increase in the FTSE Developed Europe in euro terms and a 1.4% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 78.0% at the end of October, with 0.2% in index put options. At the end of September, the gross figure was 77.7%, with 0.4% in index put options.

After the doldrums of the summer, October saw the wind firmly back in the sails of equity markets: investors are seemingly confident that the global macro-economic outlook remains favourable and have renewed optimism that President Trump might finally achieve something in the form of tax cuts. Benjamin Graham's 'Mr Market' is feeling wildly optimistic as he enjoys the intoxicating cocktail of growth and low interest rates. The problem is that growth and low interest rates will not, indeed cannot, coexist indefinitely – when 'Mr Market' realises that, we fear his mood will deteriorate rapidly.

Historically the fund has had a substantial weighting in high quality companies which compound value over time: the likes of ORPEA (an operator of high end nursing homes) and Emmi (a producer of Swiss dairy products). However, these companies epitomise the broader market: (very) high valuations reflecting expectations of steady growth in the context of low interest rates. The risk is of a sharp de-rating should earnings disappoint or interest rate expectations rise. Whilst we want to maintain exposure to the long-term potential of these compounders we have reduced their overall weighting and individual position sizes in order to manage the valuation risk. Consequently, the fund's top positions are now a mix of compounders, special situations and stocks where the prospect of either structural or cyclical growth is still reasonably priced. Below are summary investment cases of the top five positions.

**Autoliv** – a leader in safety equipment including airbags, seat belts and electronics for autonomous vehicles. In addition to benefiting from the favourable macro-economic outlook, we expect earnings growth to be driven by the delivery of orders won over the past three years. The stock could also re-rate if the passive safety and electronic divisions are separated next year.

**Booker/Tesco** – the proposed merger will create the UK's leading food business. The combined entity should have opportunity to grow profitably and a business model resilient not just to the current challenges posed by the likes of Lidl and Aldi, but also by the longer-term competitive threat of Amazon as it expands into food retail.

**Prosegur Security/Prosegur Cash** – a leader in security services and the leading player in the Latin American cash services market. We expect sustained profitable growth under the leadership of the managing family owners who have a good track record.

**IP Group** – a global player in the commercialisation of university-originated intellectual property. The merger with Touchstone gives the group the scale, reach and balance sheet required to pursue their ambition to work with universities to transform great ideas into world-changing businesses.

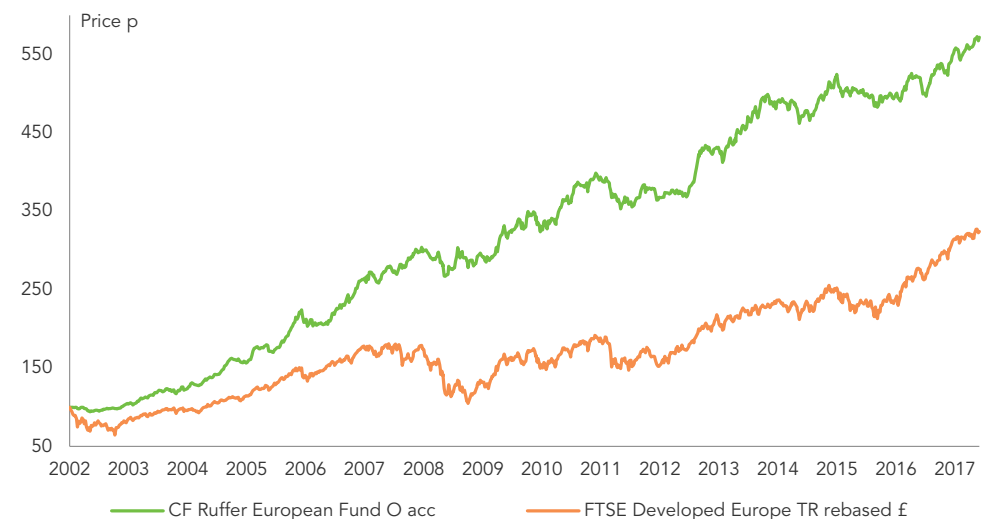
**Deutsche Post** – Europe's largest postal provider and a leader in global transport and logistics. We see the business as well positioned to benefit from the structural growth of parcels within Europe and the cyclical upswing in global trade.

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 %	October 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.1	11.4	9.9	21.1	54.3	105.6

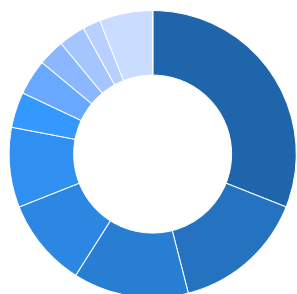
Percentage growth (O acc)	%	Share price as at 31 October 2017	p
30 Sep 2016 – 30 Sep 2017	8.6	<b>O accumulation</b>	<b>571.76</b>
30 Sep 2015 – 30 Sep 2016	3.0	<b>C accumulation</b>	<b>580.82</b>
30 Sep 2014 – 30 Sep 2015	5.0	<b>C income</b>	<b>107.14</b>
30 Sep 2013 – 30 Sep 2014	6.6		
30 Sep 2012 – 30 Sep 2013	20.5		

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.

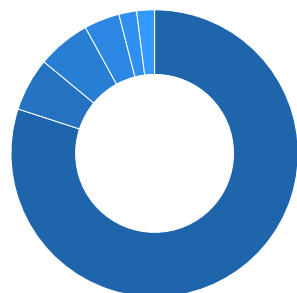
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer European Fund as at 31 October 2017

## Portfolio structure



Asset allocation	%		%
• UK	31	• Spain	4
• France	15	• Finland	3
• UK index-linked gilts	13	• Norway	3
• Sweden	10	• Italy	2
• Germany	9	• Cash	6
• Switzerland	4		



Currency allocation	%
• Sterling	80
• US dollar	6
• Swedish krona	6
• Norwegian krone	4
• Swiss franc	2
• Euro	2

## 10 largest holdings (2 bonds and 57 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	6.3	Loomis	2.9
UK Treasury index-linked 1.875% 2022	6.3	ORPEA	2.9
Autoliv	4.2	Kaufman & Broad	2.8
Deutsche Post	3.1	IP Group	2.6
Booker Group	3.0	Statoil Asa	2.6

Source: Ruffer LLP

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.

Fund size £235.9m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.58	1.28
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.30
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 (acc)	C class GB00B84JVJ48 (acc) GB00B7KNM781 (inc)
SEDOL	3167816 (acc)	B84JVJ4 (acc) B7KNM78 (inc)
Investment adviser	Ruffer LLP	
ACD	Capita Financial Managers Limited	
Depository	BNY Mellon Trust & Depository (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF 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 CF Ruffer European Fund team in 2011, becoming co-manager in 2016.



### Simon Mountain

RESEARCH DIRECTOR

Joined the CF 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 October 2017, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.2bn was managed in open-ended Ruffer funds.

## Enquiries

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