

# CF Ruffer European Fund

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



During August the fund's O accumulation shares decreased by 0.6% from 505.64p to 502.71p. This compares to a 9.2% decline in the STOXX Europe 600 in euro terms and a 6.3% decrease on a comparable, sterling-adjusted basis. The fund's equity exposure was 79.3% at the end of August; with 2.5% of that figure in index put options, the underlying 'long' equity exposure was 76.8%. At the end of July, the headline figure was 77.8%, with 1.2% in index put options.

The preceding index performance statistics attest to a torrid month for the European equity markets, driven by escalating concern over the global impact of a slowdown in the rate of Chinese economic growth. Our relative success in 'ring-fencing' the fund's performance can be attributed to a combination of factors. Seasoned readers will certainly not be surprised to hear that we are most comfortable with our stock selection process when it helps us to identify companies with a unique selling point that extends well beyond 'being cyclically sensitive'. Our preference is to invest in distinctive business models – often built around product innovation or unique technology – that give companies the wherewithal to outperform the short-term dynamics of their home economy. While it was gratifying to watch how the robust performance of some key equity positions in the fund validated that approach during a period that incorporated extreme volatility, it would be foolish to assume that it will always be thus.

Against this background, we can and also do deploy an additional weapon in the capital preservation armoury, using put options on the main DAX and FTSE indices to hedge general downside risk in equity markets. In reality, the doubling of the fund's percentage weighting in options, from 1.2% to 2.5% of total month-end NAV was driven solely by the increase in their value, and understates the scale of the 'peak' offset that they provided to tumbling equity prices. During the height of the turbulence, the value of the same option position exceeded 5.0% of the fund, illustrating the scale of their protective attributes.

Looking ahead, equity markets worldwide are likely to retain their new-found pre-occupation with signs of a slowdown in China. If Greece was the proverbial mouse that roared sufficiently loudly to worry investors in Europe on multiple occasions subsequent to the downgrade of the country's sovereign debt in 2009, China could self-evidently prove to be an even scarier elephant in the room. As such, our intention is to ensure that our long equity exposure remains well hedged until more clarity emerges on this front, and, indeed on another key front – that of the timing of a direction change in US interest rate policy. At the same time, we are conscious that the equity market's recently demonstrated ability to panic is likely to throw up selective opportunities to buy into high-quality names where valuations alone have deterred us thus far.

## 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 %	August 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.6	6.2	2.4	34.5	50.8	185.7

Percentage growth (O acc)	%	Share price as at 28 August 2015	p
30 Jun 2014 – 30 Jun 2015	1.6	<b>O accumulation</b>	<b>502.71</b>
30 Jun 2013 – 30 Jun 2014	18.5	<b>C accumulation</b>	<b>507.30</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

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.

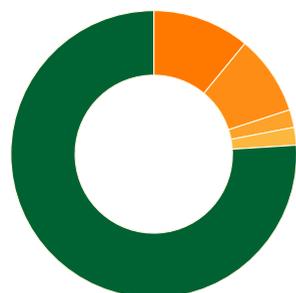
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer European Fund as at 28 August 2015

## Portfolio structure



Asset allocation	%		%
UK index-linked gilts	14	UK equities	33
Cash	5	Germany equities	13
Options	2	France equities	11
Gold	2	Sweden equities	9
		Switzerland equities	8
		Norway equities	2
		Italy equities	1



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

## 10 largest holdings (65 equities and 3 bonds)

Stock	% of fund	Stock	% of fund
Aurelius	6.0	ORPEA	3.9
IP Group	5.3	Loomis	3.8
UK Treasury index-linked 0.125% 2024	4.7	Earthport	3.8
UK Treasury index-linked 1.1875% 2022	4.6	4d pharma	3.5
UK Treasury index-linked 0.125% 2019	4.5	Emmi	3.3

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 £275.2m

## 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	

## Enquiries

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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 August 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £8.8bn was managed in open-ended Ruffer funds.

## Dealing line

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