

# CF Ruffer European Fund

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



During April, the fund's O accumulation shares increased by 0.7% from 496.59p to 500.17p. This compares to a 1.9% increase in the STOXX Europe 600 in euro terms and a 0.9% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 73.6% at the end of April, with an additional 0.8% in index put options. At the end of March, the gross figure was also 73.6%, with 0.4% in index put options.

After a volatile first quarter of 2016, April was a benign month from a macro-economic perspective. The welcome calm provided the backdrop for equity markets to continue their steady recovery from mid-February lows – indeed by mid-April major European indices were within just a few percentage points of where they started the year. However, at the time of writing markets had begun to roll over – the DAX down around 5% from its April peak. Quarter one earnings could at best be described as 'uninspiring'; those of a more bearish inclination viewing them as further evidence that European growth remains anaemic.

Regular readers will know we construct the portfolio such that the highest weightings are in securities where we have greatest conviction (tweaks excepted for liquidity considerations and a willingness on occasion to carefully run winners despite moderately stretched valuations). Conversely smaller weightings reflect lower conviction: where we are either still getting to know a company or have reduced our holding to reflect a stretched valuation and/or weakening fundamentals. We took the opportunity afforded by April's recovering markets to exit a couple of smaller positions whose stock prices had done well despite deteriorating fundamentals. This gentle pruning ensures the fund is invested in 'best ideas' and that our time is focussed on what drives most value: monitoring high conviction positions and looking for new ideas.

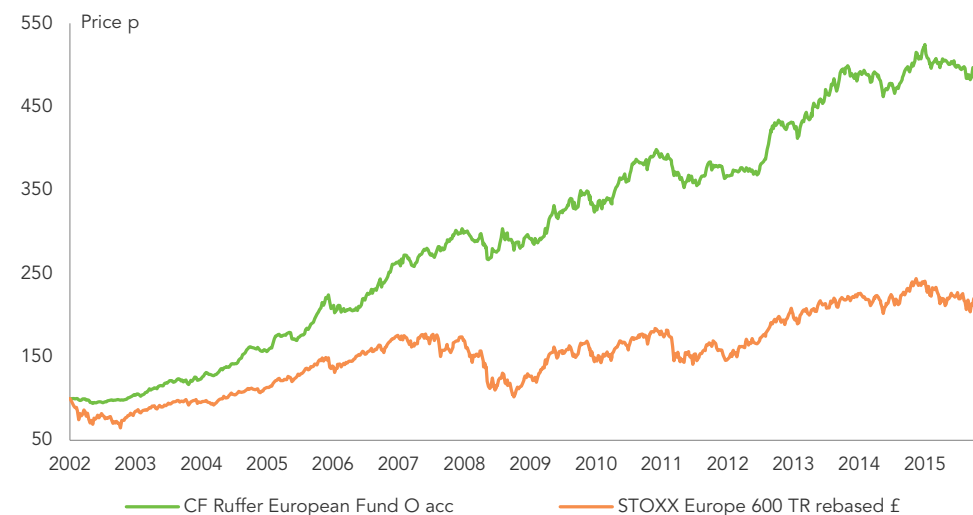
Turning to new ideas, we added two to the fund during April. The first is a French housing developer which is attractively valued given growth opportunities – we expect them to capitalise on a recovery in housing starts following a steady uptick over recent months in the number of building permits issued. The second company is an ecommerce retailer of fashion apparel looking to accelerate growth in a large and fast growing market. We were impressed by the business model as well as the quality and commitment of management. Critically, we were able to buy at a valuation which priced the opportunity attractively given the risks we identified.

Despite the current macro-economic calm we remain acutely aware of the uncertainties faced by European businesses: What would Brexit actually mean? Can Draghi's stimulus make a difference to economic fundamentals? How will businesses be impacted by a strengthening dollar if the Fed delays hiking rates? Cognisant that April's calm could be that which precedes the next storm we increased the level of put protection during the month – in addition to protecting the fund's capital this enables us to remain invested in our best ideas whilst waiting patiently for them to drive long term capital growth.

## 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 %	April 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.7	0.7	-1.4	17.6	26.6	128.4

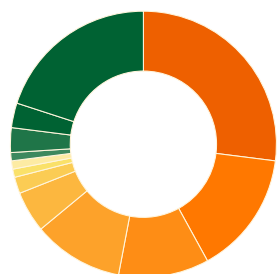
Percentage growth (O acc)	%	Share price as at 29 February 2016	p
31 Mar 2015 – 31 Mar 2016	-0.5	<b>O accumulation</b>	<b>500.17</b>
31 Mar 2014 – 31 Mar 2015	0.4	<b>C accumulation</b>	<b>505.76</b>
31 Mar 2013 – 31 Mar 2014	16.1		
31 Mar 2012 – 31 Mar 2013	13.0		
31 Mar 2011 – 31 Mar 2012	-2.7		

Source: Ruffer LLP

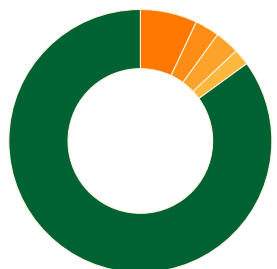
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer European Fund as at 29 April 2016

## Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	20	● UK	27
● Gold	3	● Germany	15
● Cash	3	● Sweden	11
● Options	1	● France	11
		● Switzerland	5
		● Norway	2
		● Spain	1
		● Italy	1



Currency allocation	%
● Sterling	85
● Swiss franc	7
● US dollar	3
● Euro	3
● Norwegian krone	2

## 10 largest holdings (3 bonds and 62 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.4	Loomis	4.0
UK Treasury index-linked 1.1875% 2022	7.3	IP Group	4.0
UK Treasury index-linked 0.125% 2019	5.3	Svenska Cellulosa	3.5
Aurelius	5.0	Emmi	3.2
ORPEA	4.4	4d pharma	2.8

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 £239.2m

## Fund information

%	O class	C class
Ongoing Charges Figure	1.57	1.27
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.26
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	
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	

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## Fund Managers

### Claire Titmarsh



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



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 29 April 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.5bn was managed in open-ended Ruffer funds.

## Dealing line

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