

# CF Ruffer European Fund

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



During July, the fund's O accumulation shares increased by 3.3% from 493.15p to 509.44p. This compares to a 4.7% increase in the STOXX Europe 600 in euro terms and a 6.7% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 83.2% at the end of July, with an additional 0.5% in index put options. At the end of June, the gross figure was 77.7%, with 0.5% in index put options.

It was always clear that a vote by a majority of the British public to leave the EU, against the recommendation of the Prime Minister and government, would have both political and (potential) economic consequences for the UK. While the economic consequences will take time to truly discern, we have had a hint at what is to come from the heavy devaluation of sterling and a few early data points (including the Deloitte CFO Survey and the latest PMI) suggesting economic uncertainty is starting to weigh on business confidence and activity in July. The risk is that this concern becomes self-fulfilling if corporates and consumers, worried about the uncertainty, continue to delay spending.

The political consequences were more immediate with turmoil abound in both the UK's governing Conservative and opposing Labour parties. Thankfully, there was a relatively quick resolution of the leadership battle in the Conservative party with Theresa May quickly appointed as prime minister, almost by default, when her head-to-head opponent resigned from the contest. This has provided a much needed soothing balm for both UK and continental European equity markets which have now more or less recovered to their pre-Brexit levels. After weathering the Brexit storm in markets relatively well, helped by a mixture of DAX and FTSE put options, UK short-dated index-linked bonds and a small gold bullion position, this same defensive position resulted in the fund underperforming rising equity markets in July despite a good performance from our equity portfolio.

While some political issues have been resolved, there is still tension between Theresa May's stance that the UK will not trigger Article 50, the formal mechanism for leaving the EU, this year and a request by European leaders for the process to start as quickly as possible. Their desire for a quick resolution is understandable given that with a handful of EU countries, including France, Germany and the Netherlands, due to hold national elections in 2017, political contagion resulting in serious instability in the eurozone is surely the greatest risk post-Brexit. For this reason, amongst others, we continue to hedge the fund's euro exposure and retain DAX and FTSE put option protection.

We used the immediate turmoil following Brexit to add to several of our positions and have used volatility during the second quarter results reporting season to add to some of our core holdings where disappointing second quarter results have not changed our long-term investment thesis. A good example of this is Autoliv, a passive and active safety system supplier to the automotive industry, where short-term headline results are being impacted by higher engineering costs in order to support a high level of new contracts wins across the business. We understand the need for Autoliv to take short-term pain for long-term gain and as a result of these investments the revenue target management has previously set for 2019 is likely now too low.

## 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 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.3	2.6	0.8	17.9	33.7	145.7

Percentage growth (O acc)	%	Share price as at 29 July 2016	p
30 Jun 2015 – 30 Jun 2016	-1.6	<b>O accumulation</b>	<b>509.44</b>
30 Jun 2014 – 30 Jun 2015	1.6	<b>C accumulation</b>	<b>515.53</b>
30 Jun 2013 – 30 Jun 2014	18.5		
30 Jun 2012 – 30 Jun 2013	12.5		
30 Jun 2011 – 30 Jun 2012	-5.0		

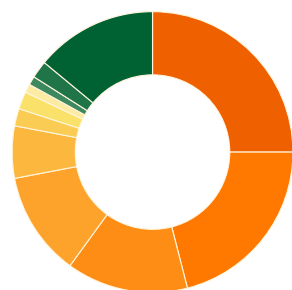
Source: Ruffer LLP

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.

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.

# CF Ruffer European Fund as at 29 July 2016

## Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	14	● UK	25
● Gold	2	● Germany	21
● Options	1	● France	14
		● Sweden	12
		● Switzerland	6
		● Spain	2
		● Norway	2
		● Italy	1



Currency allocation	%
● Sterling	82
● Swiss franc	9
● Euro	4
● US dollar	3
● Norwegian krone	2

## 10 largest holdings (2 bonds and 62 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.2	Loomis	3.9
UK Treasury index-linked 1.1875% 2022	7.9	Svenska Cellulosa	3.7
Aurelius	5.8	IP Group	3.6
ORPEA	5.3	Emmi	3.5
Raisio	4.0	Deutsche Post	3.2

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 £232.6m

## 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 31 July 2016, assets managed by the Ruffer Group exceeded £19.2bn, of which over £10.6bn was managed in open-ended Ruffer funds.

## Dealing line

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