

CF Ruffer European Fund

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



August 2016 Issue 163

During August, the fund's O accumulation shares increased by 2.3% from 509.44p to 521.12p. This compares to a 1.3% increase in the STOXX Europe 600 in euro terms and a 1.8% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 82.1% at the end of August, with an additional 0.1% in index put options. At the end of July, the gross figure was 83.2%, with 0.5% in index put options.

European equity markets have continued their steady upwards trend following the initial post-Brexit shock and the fund is currently benefiting from this given its relatively high equity weighting and limited put protection. Top performers this month included IP Group (commercialisation of intellectual property) and its portfolio company Avacta (life sciences). IP Group's share price suffered earlier this year as market conditions impacted several of its AIM listed portfolio companies despite good underlying progress. This good progress, not least at Oxford Nanopore with its unique DNA sequencing technology, is now being reflected in a better share price performance. Avacta has risen following the release of a good trading update at the start of August and the announcement of several collaborations for its Affirmer technology, a revolutionary alternative to the established antibody technology.

SCA also performed well after announcing the long-awaited split between its hygiene and forest products divisions, with the latter retaining all of the group's forest land, allowing management and investors to better focus on the underlying businesses. The forest products business is likely to attract investors looking for stable asset-backed cash flows whereas the hygiene business will appeal to investors who appreciate its higher growth and higher returns profile.

In recent years the compression in global bond yields has driven a re-rating in 'bond-like equities'. Concerns over the global macroeconomic environment, the wider consequences of the UK's vote to leave the EU and continuing low levels of inflation have pushed global bond yields to record lows this summer. We are becoming increasingly concerned that it would not take much for this bubble in nominal government bonds to burst and for these equities to sell-off. We have trimmed several of our larger positions; in defensive companies that have been re-rated in this environment of plentiful monetary stimulus. However, while we have reduced our weightings we still retain meaningful positions based on our confidence in the ability of these high quality businesses to continue to create value for shareholders in the longer-term. In addition, their low dividend yields mean they were not the natural first port of call for investors seeking yield so may not be treated as harshly in any sell-off (though conversely they are unlikely to benefit from any further search for yield).

Despite this equity market re-rating, we have been able to identify new opportunities for investment and will endeavour to continue to do so. This month, for example, we have initiated small positions in two companies that are more cyclical in nature that are trading at attractive valuations relative to their history and where we see the opportunity for meaningful upgrades to consensus estimates in the months ahead.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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 %	August 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.3	4.9	3.7	19.9	40.3	152.4

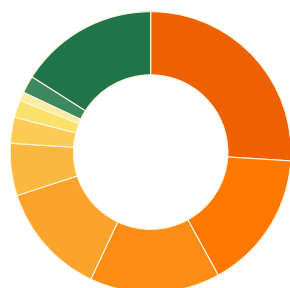
Percentage growth (O acc)	%	Share price as at 31 August 2016	p
30 Jun 2015 – 30 Jun 2016	-1.6	O accumulation	521.12
30 Jun 2014 – 30 Jun 2015	1.6	C accumulation	527.49
30 Jun 2013 – 30 Jun 2014	18.5		
30 Jun 2012 – 30 Jun 2013	12.5		
30 Jun 2011 – 30 Jun 2012	-5.0		

Source: Ruffer LLP, FTSE International (FTSE)*

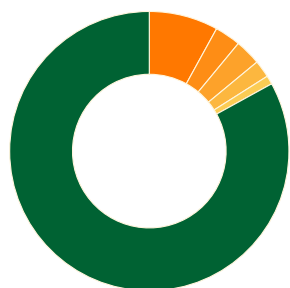
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 31 August 2016

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	16	● UK	26
● Gold	2	● Germany	16
		● France	15
		● Sweden	13
		● Switzerland	6
		● Spain	3
		● Norway	2
		● Italy	1



Currency allocation	%
● Sterling	83
● Swiss franc	8
● US dollar	3
● Euro	3
● Norwegian krone	2
● Swedish kroner	1

10 largest holdings (2 bonds and 63 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.3	Raisio	3.8
UK Treasury index-linked 1.1875% 2022	7.9	Loomis	3.7
Aurelius	5.4	IP Group	3.6
ORPEA	4.6	Deutsche Post	3.4
Svenska Cellulosa	3.9	Emmi	3.0

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 **£236.5m**

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	0.27
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	

Dealing line 0345 601 9610

† © FTSE 2016. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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 August 2016, assets managed by the Ruffer Group exceeded £20.0bn, of which over £10.9bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2016