

CF Ruffer European Fund

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



April 2017 Issue 171

During April, the fund's O accumulation shares increased by 2.3% from 526.40p to 538.31p. This compares to a 1.4% increase in the FTSE Developed Europe in euro terms and a 0.2% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 72.6% at the end of April, with zero in index put options. At the end of March, the gross figure was 77.5%, with 0.1% in index put options.

Politics again dominated European headlines in April: UK Prime Minister May called a snap general election and voting took place in the first round of the French presidential race. Whilst Macron's 'victory' was greeted with relief, the underlying trend was rather more worrying. A substantial majority of the electorate voted for non-mainstream parties and over 40% for extreme left or right wing candidates. The latter population may ultimately find little satisfaction in Macron as he is likely to move towards the 'establishment' in order to form a workable government. Have the seeds been sown for an even stronger anti-establishment vote in 2022?

Whilst that risk may have increased, it is not the issue the market is focused on now. With the major European risk event of the year more or less satisfactorily out of the way, European equity markets rallied – the French CAC 40 was up particularly strongly having underperformed other European indices in the weeks ahead of the election. There were three implications of these political machinations for the fund: 1) our French stocks (~14% weighting) performed well, 2) we added to French house builder Kaufman & Broad which had sold off excessively ahead of the election and 3) we increased our exposure to the euro by removing half the currency hedge. (There is no change to our long-term bearish stance on the euro, the change is a short-term tactical move as we see potential for the euro's appreciation versus sterling given strong eurozone economic activity, reduced political risk, anticipation of the European Central Bank tightening monetary policy and recurrent rumours of how 'hard' Brexit might be).

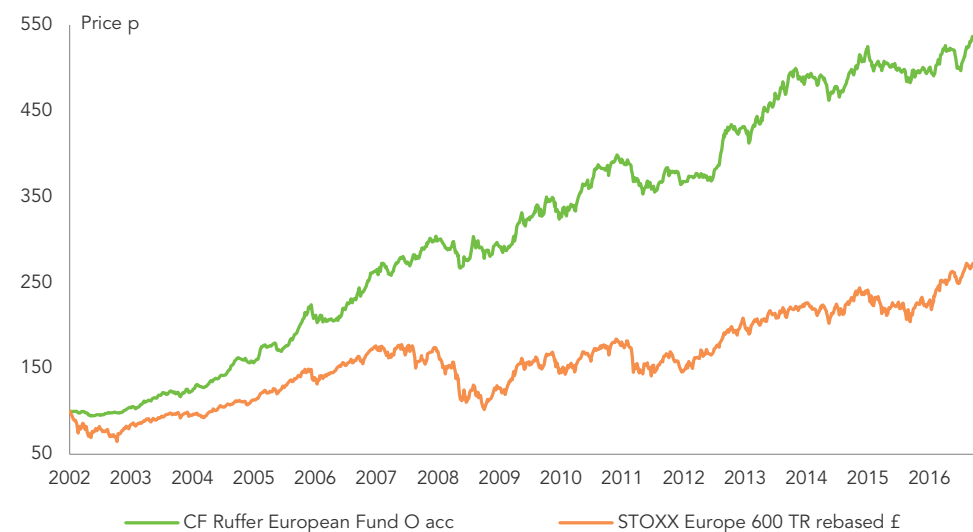
Turning to individual stocks, the strongest performer in the month was Avacta, a small UK company which has developed an engineered alternative to antibodies called affimers. Avacta's share price withered in recent months due to a lack of 'news flow' – that changed in April with the achievement of two significant milestones. Firstly Avacta announced its affimer technology had passed an immunogenicity test – a key step towards the use of affimers in human therapeutic applications. Secondly Avacta announced that a top three global diagnostics company had taken exclusive rights to several affimer reagents – a key step in validating the potential of the licensing business model. Avacta has indicated it expects to announce other 'significant value inflection points in the coming months'. This disconnect between strong technical progress and share price performance is not limited to Avacta – other UK technology and intellectual property companies held in the fund have suffered the same fate. We remain optimistic that similarly important milestones will be a catalyst for share prices to catch-up with the underlying technical progress these companies are making.

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 % | April 2017 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|------------|--------------|--------|---------|---------|----------|
| O accumulation shares | 2.3 | 4.9 | 7.6 | 10.5 | 42.3 | 103.6 |

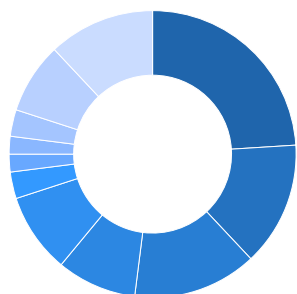
| Percentage growth (O acc) | % | Share price as at 28 April 2017 | p |
|---------------------------|------|---------------------------------|---------------|
| 31 Mar 2016 – 31 Mar 2017 | 6.0 | O accumulation | 538.31 |
| 31 Mar 2015 – 31 Mar 2016 | -0.5 | C accumulation | 546.00 |
| 31 Mar 2014 – 31 Mar 2015 | 0.4 | C income | 101.35 |
| 31 Mar 2013 – 31 Mar 2014 | 16.1 | | |
| 31 Mar 2012 – 31 Mar 2013 | 13.0 | | |

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.

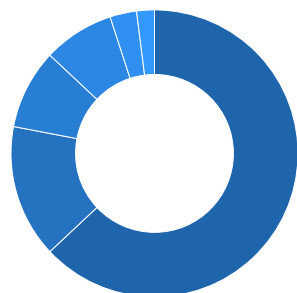
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 28 April 2017

Portfolio structure



| Asset allocation | % | | % |
|------------------|----|-------------------------|----|
| • UK | 24 | • Norway | 2 |
| • France | 14 | • Italy | 2 |
| • Germany | 14 | • Gold | 3 |
| • Switzerland | 9 | • Cash | 8 |
| • Sweden | 9 | • UK index-linked gilts | 12 |
| • Spain | 3 | | |



| Currency allocation | % |
|---------------------|----|
| • Sterling | 63 |
| • Euro | 15 |
| • Swiss franc | 9 |
| • Swedish kronax | 8 |
| • US dollar | 3 |
| • Norwegian krone | 2 |

10 largest holdings (3 bonds and 54 equities)

| Stock | % of fund | Stock | % of fund |
|--------------------------------------|-----------|-----------------|-----------|
| UK Treasury index-linked 1.875% 2022 | 6.3 | Booker Group | 3.0 |
| UK Treasury index-linked 0.125% 2024 | 6.3 | Aurelius | 3.0 |
| ORPEA | 5.4 | Loomis | 2.8 |
| Deutsche Post | 3.7 | Kaufman & Broad | 2.7 |
| Comet Holdings | 3.2 | Emmi | 2.5 |

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 £227.3m

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 | 0.06 |
| 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

† © FTSE 2017. '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 30 April 2017, assets managed by the Ruffer Group exceeded £21.1bn, of which over £11.9bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rife@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