

# CF Ruffer European Fund

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



During June, the fund's O accumulation shares decreased by 1.8% from 556.03p to 545.86p. This compares to a 2.7% decrease in the FTSE Developed Europe in euro terms and a 1.9% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 77.2% at the end of June, with 0.9% in index put options. At the end of May, the gross figure was 76.6%, with no index put options.

In June, European equity markets, having peaked in mid-May, began drifting sideways or downwards. We trimmed two high quality equities which bucked the broader trend as they continued to drift upwards, leading to stretched valuations. In terms of currencies we moderately increased hedging to protect the portfolio in the event sterling rallied post a convincing Conservative victory in the UK general election. Despite the messy political outcome and the pound's subsequent fall and volatility, the hedges netted off neutral at month end. We expect sterling to remain volatile as it is buffeted by domestic and global macro-economic data as well as speculation on the outcome of Brexit negotiations.

During June we met over fifty companies from across a broad spectrum of countries, sectors and market capitalisations. Four insights emerged from these meetings: firstly, the growth pickup which started in the second half of last year is broad-based and has sustained momentum – most sectors are growing, driven by end-user demand not restocking. Secondly, there are few signs of capacity tightening or additions – utilisation remains below peak and lead times are not rising. Whilst producers are able to pass through rising raw material costs, pricing power is yet to return suggesting margins could have further to rise. Thirdly, wage inflation is muted but pockets of labour shortages are emerging, particularly in large cities and for specific skills (examples cited include security guards, plumbers and white collar construction workers). Wage pressures are building, but only slowly, perhaps restrained for now by existing multi-year wage deals. Fourthly, companies' outlook for business in China is unusually positive with the solid start to the year expected to continue.

Turning to what this means practically, we see three implications for the portfolio as we enter the second half of the year: firstly, we are cautious given how far equity markets have risen in the last year combined with a ubiquitously optimistic outlook (the number of IPO prospectuses filling our in-trays points to bullish animal spirits). We felt like party poopers when in mid-June we took advantage of the optimism to buy a long-dated put on the DAX at a very reasonable price. Secondly, we feel comfortable with our construction related exposure given the positive macro data and not overly bullish sentiment on the sector, which leaves room for upside surprise. Thirdly, we increasingly see the most attractive opportunities in France – where there is a real chance of reform – and in 'special situations' which are overlooked by the market. We are currently researching French opportunities and have already found several interesting special situations, initiating three starter positions in recent weeks related to spin-offs and market repair.

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.

## 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 %	June 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.8	6.4	10.7	10.6	47.4	105.0

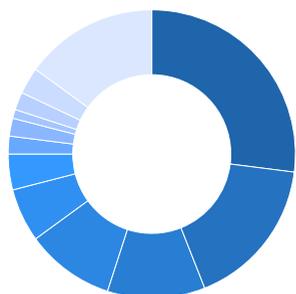
Percentage growth (O acc)	%	Share price as at 30 June 2017	p
30 Jun 2016 – 30 Jun 2017	10.7	<b>O accumulation</b>	<b>545.86</b>
30 Jun 2015 – 30 Jun 2016	-1.6	<b>C accumulation</b>	<b>553.95</b>
30 Jun 2014 – 30 Jun 2015	1.6	<b>C income</b>	<b>102.81</b>
30 Jun 2013 – 30 Jun 2014	18.5		
30 Jun 2012 – 30 Jun 2013	12.5		

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.

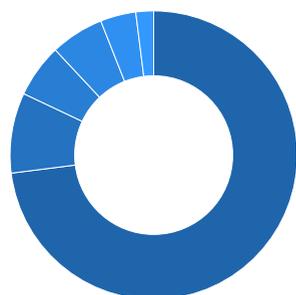
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer European Fund as at 30 June 2017

## Portfolio structure



Asset allocation	%		%
• UK	27	• Norway	2
• France	17	• Italy	2
• Germany	11	• Options	1
• Sweden	10	• Gold	2
• Switzerland	6	• Cash	3
• Spain	4	• UK index-linked gilts	15



Currency allocation	%
• Sterling	73
• Euro	9
• US dollar	6
• Swedish krona	6
• Swiss franc	4
• Norwegian krone	2

## 10 largest holdings (3 bonds and 54 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.6	Booker Group	2.9
UK Treasury index-linked 1.875% 2022	7.6	Comet	2.8
ORPEA	4.5	Loomis	2.8
Autoliv	3.6	Deutsche Post	2.7
Kaufman & Broad	3.1	Emmi	2.6

Source: Ruffer LLP

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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 £225.6m

## 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

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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 30 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

## Enquiries

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