

# CF Ruffer European Fund

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



During August, the fund's O accumulation shares increased by 0.7% from 553.68p to 557.73p. This compares to a 1.1% decrease in the FTSE Developed Europe index in euro terms and a 2.1% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 77.0% at the end of August, with 0.7% in index put options. At the end of July, the gross figure was 76.9%, with 0.8% in index put options.

European equity markets rose at the start of the month before resuming a downwards drift consistent with the trend which started in mid-May. Reading that may generate a sense of déjà vu – it is indeed more or less what we wrote last month – August can be a quiet month for markets and not much has changed, except for the addition of North Korea as a driver of short-term volatility.

Taking a step back our sense is that following strength at the end of last year and start of this, markets are fragile: elevated valuations and low volatility are seemingly the paths of least resistance. In that context, one factor which has been particularly significant year to date is currency. The weakening dollar has been a tailwind to the US stock market and supportive of emerging markets and commodities in general (oil excepted). The strengthening euro on the other hand has had the opposite effect, becoming a headwind to European equity market performance. Perhaps (from a British perspective at least) the most striking currency move has been sterling's continued significant depreciation. Whilst we firmly believe our expertise is taking a view on stocks, not currencies, we think sterling looks 'over-sold' and so have again fully hedged the fund's euro exposure to protect the value of the fund in the mid-term.

Regular readers know that managing risk with the aim of preserving capital is an objective of the fund. Last month we discussed our approach to mitigating risk associated with exchange-traded funds (ETFs). A second risk we are focused on is the tension between long-term business potential and mid-term valuation of high quality companies which can compound value over time. Whilst in aggregate these businesses will continue to form the core of the portfolio, we have gradually trimmed weightings in individual names, conscious their elevated valuations leave them particularly vulnerable to a market sell-off or hiccup in business performance. A third risk we are managing is the rapid share price appreciation of moderate-quality businesses which are doing well given the favourable economic environment – investors can lose a lot of money in these situations when unexpected operational problems occur or economic clouds gather. We have recently sold out of Rheinmetall and Hapag-Lloyd, as their valuations no longer offered the cushion we require when owning businesses we would not necessarily expect to hold indefinitely.

If all that sounds rather gloomy, the good news is soggy markets and higher valuation dispersion has generated some interesting buying opportunities. We started adding two new names to the portfolio in August and are excited about several others which we are continuing to research – more on some of these in due course.

## 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 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.7	8.7	7.0	13.6	49.2	114.9

Percentage growth (O acc)	%	Share price as at 31 August 2017	p
30 Jun 2016 – 30 Jun 2017	10.7	<b>O accumulation</b>	<b>557.73</b>
30 Jun 2015 – 30 Jun 2016	-1.6	<b>C accumulation</b>	<b>566.28</b>
30 Jun 2014 – 30 Jun 2015	1.6	<b>C income</b>	<b>105.10</b>
30 Jun 2013 – 30 Jun 2014	18.5		
30 Jun 2012 – 30 Jun 2013	12.5		

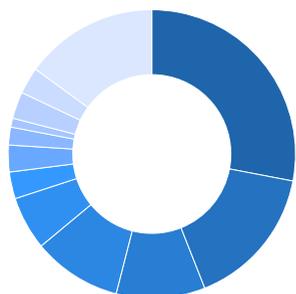
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

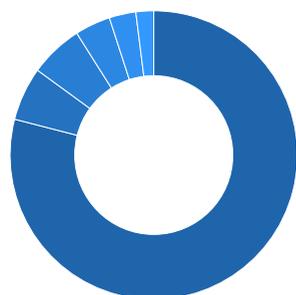
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other than the UK.

# CF Ruffer European Fund as at 31 August 2017

## Portfolio structure



Asset allocation	%		%
• UK	28	• Norway	3
• France	16	• Italy	2
• Sweden	10	• Options	1
• Germany	10	• Gold	3
• Switzerland	6	• Cash	3
• Spain	3	• UK index-linked gilts	15



Currency allocation	%
• Sterling	79
• US dollar	6
• Swedish krona	6
• Swiss franc	4
• Norwegian krone	3
• Euro	2

## 10 largest holdings (3 bonds and 53 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.6	Kaufman & Broad	3.1
UK Treasury index-linked 1.875% 2022	7.5	Booker Group	3.0
ORPEA	3.9	Deutsche Post	2.9
Autoliv	3.9	Loomis	2.8
Comet	3.2	Statoil ASA	2.7

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 £228.4m

## 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	0.05
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 31 August 2017, assets managed by the Ruffer Group exceeded £21.6bn, of which over £12.7bn 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](http://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 2017