

# CF Ruffer European Fund

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



November 2017 Issue 178

During November, the fund's O accumulation shares decreased by 0.5% from 571.76p to 569.11p. This compares to a 2.1% decrease in the FTSE Developed Europe in euro terms and a 1.7% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 80.3% at the end of November, with 0.2% in index put options. At the end of October, the gross figure was 78.0%, with 0.2% in index put options.

Despite a small setback in November, the long bull market in global equities continues. While growth in Europe remains above-trend, the strength of the euro has driven relative underperformance of European equity markets this year. The path of least resistance is for valuations to remain high and volatility low, an environment which may well continue in the short-term. However, bull markets do not last forever and it is therefore a question of when, not if, this one comes to an end. Quantitative easing and ultra-low interest rates have been supporting markets for a decade and there is no historical guide to use for what may happen when these supports are withdrawn.

In this environment it is more important than ever to remain valuation conscious in stock-picking, not jumping on the bandwagon of ever higher valuations and focusing more instead on value to be found in unloved companies and special situations. This month we have sold the remaining part of our long-held position in Emmi and have trimmed our holdings in Comet and LEM. This was driven by valuations rather than by any significant change in our view of the underlying fundamentals of these businesses.

One area of potential 'unloved value' is the UK which has decoupled from the global cyclical upturn, where the uncertainty following the Brexit vote is weighing on business and household confidence. While the UK has finally bowed to EU demands on the Brexit divorce bill and the probability of a 'hard Brexit' has fallen, UK equities still appear to be pricing in a recession. We have added a new holding in a consumer-facing business where we believe the valuation to be low against both earnings and asset values. The balance sheet shows a significant net cash position and we are confident in the manager's ability to deploy this capital to consolidate the industry, a process which a recession would likely accelerate.

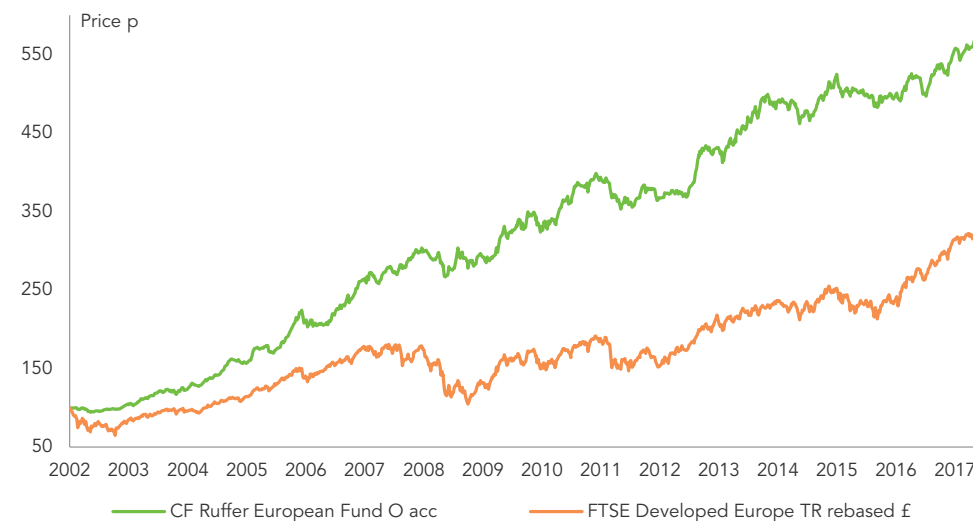
Another area we have been scouring for special situations is the oil sector. We invested in International Petroleum Corporation (IPC) over the summer and are also buying part of another similar company where the business fundamentals have improved significantly in recent years but this improvement has been overshadowed by the oil price. Not only is the current production base of the company undervalued at current oil prices, the business is set to generate significant free cash flow in coming years, adding to its current net cash position. The latter could be deployed in exploration and development opportunities or paid back to shareholders.

Finally, we are poised to take advantage of future market volatility. This month we added to our position in De'Longhi, the Italian maker of coffee machines and kitchen appliances, when in our view the market overreacted to a small sale by the controlling family, who retain a 57% holding.

## 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 %	November 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.5	10.9	13.9	19.5	50.3	109.2

Percentage growth (O acc)	%	Share price as at 30 November 2017	p
30 Sep 2016 – 30 Sep 2017	8.6	<b>O accumulation</b>	<b>569.11</b>
30 Sep 2015 – 30 Sep 2016	3.0	<b>C accumulation</b>	<b>578.27</b>
30 Sep 2014 – 30 Sep 2015	5.0	<b>C income</b>	<b>106.67</b>
30 Sep 2013 – 30 Sep 2014	6.6		
30 Sep 2012 – 30 Sep 2013	20.5		

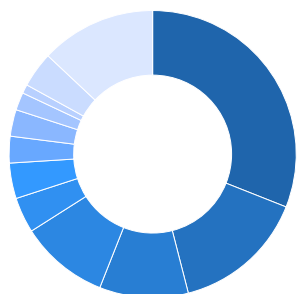
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

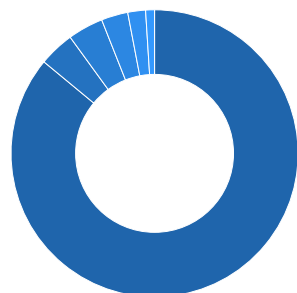
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other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

# CF Ruffer European Fund as at 30 November 2017

## Portfolio structure



Asset allocation	%		%
• UK	31	• Norway	3
• France	15	• Finland	3
• Sweden	10	• Italy	2
• Germany	10	• Canada	1
• Switzerland	4	• Cash	4
• Spain	4	• UK index-linked gilts	13



Currency allocation	%
• Sterling	86
• Norwegian krone	4
• Swedish krona	4
• US dollar	3
• Swiss franc	2
• Euro	1

## 10 largest holdings (2 bonds and 53 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	6.3	Deutsche Post	3.2
UK Treasury index-linked 1.875% 2022	6.3	Loomis	3.0
Autoliv	4.3	Kaufman & Broad	2.9
Puretech Health	3.3	ORPEA	2.8
Booker Group	3.3	Vivendi	2.7

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 £233.2m

## 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	0.30
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

RESEARCH DIRECTOR

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

RESEARCH DIRECTOR

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 November 2017, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.3bn was managed in open-ended Ruffer funds.

## Enquiries

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