

CF Ruffer European Fund

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

During February, the fund's O accumulation shares increased by 1.8% from 488.43p to 497.04p. This compares to a 3.3% decrease in the STOXX Europe 600 in euro terms and a 0.1% increase on a comparable, sterling-adjusted basis. The fund's equity exposure was 75.7% at the end of February; with 1.8% of that figure in index put options, the underlying 'long' equity exposure was 73.9%. At the end of January, the headline figure was 78.8%, with 2.7% in index put options.

The fund's performance during February was driven by a positive result from both the equity portfolio and the put option protection. Earthport was a notable detractor with the share price harshly punished on the announcement of a one-off impact from the potentially fraudulent activity of a customer at its Baydonhill subsidiary. Although disappointing, this should have no material impact on the core global payments platform.

February was an unusually busy month for transactions in the fund as we took advantage of the market environment to initiate four new starter positions. One company is exposed to a continuing consumer recovery in Spain and another to a recovery in European housing construction and renovation spend. Needless to say, both were bought at a discount to our estimate of intrinsic value with the macro trend providing a helpful tailwind. The other two investments are special situations. These purchases were more than offset by the outright sale of three positions and profit taking in several other positions. We have also sold part of our DAX put option in stages following the sharp market fall in January and early February though we continue to retain a position given the current uncertain macro situation.

After consistently keeping our euro exposure hedged in recent years, we removed half the hedge in February to give 15% exposure to the euro. We took this decision ahead of David Cameron's announcement of a deal on EU reforms. Whilst there was little of surprise in the announcement, Mayor Boris Johnson has declared his support for the 'Brexit' campaign and he is purported to be the second most influential individual in the public's decision on how to vote in the referendum on EU membership (source: Ipsos Mori). We see the potential for news flow ahead of the referendum to continue to cause volatility in Sterling.

European inflation fell to -0.2% in February, after four months of positive readings, with the drag from lower oil prices forcefully reasserting itself. Although still way off target, the annualised reading is +0.7% adjusting for energy and the percentage of items where price deflation is observed is falling. However, the negative headline figure has increased the pressure on Mario Draghi to announce decisive and innovative forms of intervention at the next ECB meeting in March. If this is the case we could well see equity markets celebrate and the euro fall. If Draghi is seen to under deliver then the converse could be true. We are sitting on the fence with half our euro position hedged.

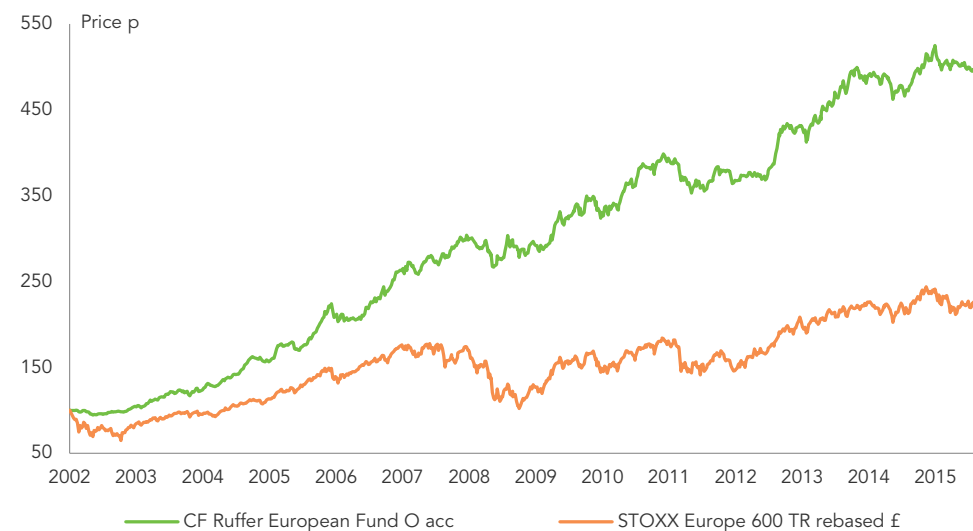
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other than the UK.



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 %	February 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.8	0.1	-0.3	16.0	29.8	149.2

Percentage growth (O acc)	%	Share price as at 29 February 2016	p
31 Dec 2014 – 31 Dec 2015	4.9	O accumulation	497.04
31 Dec 2013 – 31 Dec 2014	-0.7	C accumulation	502.35
31 Dec 2012 – 31 Dec 2013	23.2		
31 Dec 2011 – 31 Dec 2012	7.4		
31 Dec 2010 – 31 Dec 2011	-6.0		

Source: Ruffer LLP

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 29 February 2016

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	16	● UK	28
● Cash	6	● Germany	14
● Gold	3	● Sweden	12
● Options	2	● France	10
		● Switzerland	5
		● Norway	2
		● Spain	1
		● Italy	1



Currency allocation	%
● Sterling	60
● Euro	15
● Swedish krona	13
● Swiss franc	7
● US dollar	3
● Norwegian krone	2

10 largest holdings (3 bonds and 63 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	5.3	IP Group	4.5
UK Treasury index-linked 1.1875% 2022	5.2	ORPEA	4.4
UK Treasury index-linked 0.125% 2019	5.1	Raisio	3.4
Loomis	4.7	Svenska Cellulosa	3.3
Aurelius	4.6	Emmi	3.1

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 £246.2m

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	0.26
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	

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Fund Manager

Timothy Youngman

INVESTMENT DIRECTOR

Moved into European equity research in 1985, after a period with McKinsey & Co and at Manchester Business School. He moved from Savory Milln to SG Warburg in 1988, then to an independent research boutique in 1999, before joining Ruffer in 2003.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 29 February 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.2bn was managed in open-ended Ruffer funds.

Dealing line

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