

CF Ruffer European Fund

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



During May, the fund's O accumulation shares decreased by 0.6% from 500.17p to 497.31p. This compares to a 1.3% increase in the STOXX Europe 600 in euro terms and a 1.1% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 72.2% at the end of May, with an additional 1.0% in index put options. At the end of April, the gross figure was 73.6%, with 0.8% in index put options.

May was a relatively benign month for European equity markets as investors contemplated the possibility of a June rate rise by the US Federal Reserve and the risk of 'Brexit' from the EU offset by the potential for a meaningful expansion of fiscal policy in Japan following the announced fiscal expansion in Canada. In this environment, we continue to look for companies that should do well independent of macroeconomic conditions. We believe one such company to be SCA, a long-standing position for the fund, with a portfolio of products including incontinence care, feminine care, baby diapers and tissue where demand should be relatively independent of the economic environment. We attended the capital markets day of SCA in Sweden. This focused on the hygiene products business and the three strategic priorities: profitable growth, innovation and efficiency.

SCA has undergone significant structural change over the last five years, transforming from a cyclical paper and packaging company to a more focused hygiene products company. This has driven a re-rating of the shares. SCA is also one of the largest private forestry owners in Europe with 2.6m hectares forestry land. A natural conclusion of the strategy to focus on higher return and higher growth hygiene products could be a partial spin-out of its forestry asset which is weighing on group returns, something sell-side analysts have been speculating about for some time. It remains a key holding for the fund.

Elsewhere in the fund, we took some profit in Emmi following a sharp rise in the share price which brought the valuation in-line with Nestle, though we still retain a 3% weighting in Emmi which is another of our less-cyclical companies. Emmi is leveraging its strong but mature Swiss dairy business internationally both through organic growth and acquisitions, focused on niche speciality dairy products, therefore avoiding competition with large food producers.

We also added to our position in Kaufman & Broad when its major shareholder placed a significant stake, improving liquidity, increasing visibility and aligning management interests with shareholders as they participated in the placing. Kaufman & Broad benefits from high visibility of growth in the buoyant French housing market which is driven by political support and low interest rates. As the third largest property developer in France it has the opportunity to outgrow the market through expansion geographically in residential and commercial construction. The business model is low-risk as French property developers acquire options on land (rather than build up a land bank) and construction activity is outsourced, meaning operating leverage is low.

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 %	May 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.6	0.1	-4.6	15.3	26.8	137.3

Percentage growth (O acc)	%	Share price as at 29 February 2016	p
31 Mar 2015 – 31 Mar 2016	-0.5	O accumulation	497.31
31 Mar 2014 – 31 Mar 2015	0.4	C accumulation	503.01
31 Mar 2013 – 31 Mar 2014	16.1		
31 Mar 2012 – 31 Mar 2013	13.0		
31 Mar 2011 – 31 Mar 2012	-2.7		

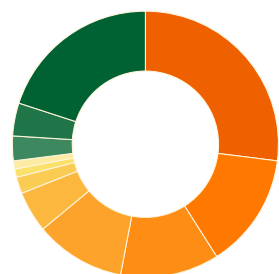
Source: Ruffer LLP

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.

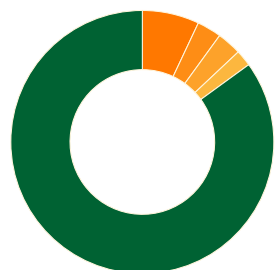
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 31 May 2016

Portfolio structure



Asset allocation	%		%
UK index-linked gilts	20	UK	27
Cash	4	Germany	14
Gold	3	Sweden	12
		France	11
		Switzerland	5
		Norway	2
		Spain	1
		Italy	1



Currency allocation	%
Sterling	85
Swiss franc	7
US dollar	3
Euro	3
Norwegian krone	2

10 largest holdings (3 bonds and 58 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.6	Loomis	4.0
UK Treasury index-linked 1.1875% 2022	7.4	IP Group	3.7
UK Treasury index-linked 0.125% 2019	5.3	Svenska Cellulosa	3.6
Aurelius	5.1	Emmi	2.9
ORPEA	4.5	Deutsche Post	2.8

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 £235.9m

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 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 May 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.5bn was managed in open-ended Ruffer funds.

Dealing line

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