

CF Ruffer European Fund

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



During September, the fund's O accumulation shares decreased by 0.1% from 521.12p to 520.36p. This compares to a 2.2% decrease in the STOXX Europe 600 in euro terms and a 0.3% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 81.4% at the end of September, with an additional 0.8% in index put options. At the end of August, the gross figure was 82.1%, with 0.1% in index put options.

September saw investors' attention return to banks. Initially the spotlight was on the US Federal Reserve – would or wouldn't they raise rates? In the end they decided not to, stated the case for doing so had 'strengthened' and updated their 'dot plot' to indicate a rather broad range of possibilities for how quickly and by how much rates could rise. There was something in it for everyone and with the non-event out of the way attention turned to Deutsche Bank who found itself more in the hot seat than the spot light. Suggestions of a \$14bn fine to be imposed by the US Department of Justice spooked investors who fretted about the sufficiency of the bank's capital buffer and hedge funds who sensed increased counter-party risk on derivative positions. Indeed it was rumoured Deutsche's gross derivative book is equal to two thirds of world GDP! Really? We have no idea, nor do we expect do the majority of analysts. What has all this got to do with the fund you might ask? Firstly, we avoid exposure to binary outcomes we cannot predict. Secondly, we avoid investments in financials where we have no analytical edge given the complexity of business models and opacity of balance sheets.

During September we initiated a position in Randstad, a provider of temporary staffing and recruitment services. Randstad and peers sold off aggressively post Brexit as earnings forecasts were cut dramatically, reflecting concerns of a pan-European economic slowdown. These fears appear overblown and whilst the stocks have rallied our sense is they still reflect a more negative macro outlook than is merited. Discussions with companies and our own analysis suggests fundamentals remain intact in Europe and could be improving in the US. The risk is moderate that growth does not continue, in which case we see the modest valuation and covered dividend yield of 4% as offering some downside protection.

Unlike many of our investments, Randstad is an example of a business which we expect to hold only for a relatively short period as market sentiment re-aligns with fundamentals and a valuation anomaly closes. Whilst our preference is to own high quality businesses for the long-term we will do so only if valuations imply an attractive risk/reward. A case in point is an automotive supplier which we recently sold due to what is, in our view, a stretched valuation. The business is the global leader in gas springs for automotive and industrial applications and has an enviable competitive position with circa seventy percent global market share. The stock price more than doubled since we took our initial position at the time of the initial public offering in 2014. However following a recent acquisition we feel the company's financial leverage is too high given we are well into the current global automotive cycle. Whilst the business has excellent long-term prospects we considered it prudent to step out for now and will look to re-enter the stock at a level where we judge the downside risk to be lower.

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



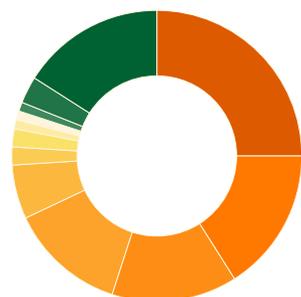
Performance %	September 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.1	4.8	3.0	15.4	45.2	150.1
Percentage growth (O acc)		%	Share price as at 30 September 2016			
30 Sep 2015 – 30 Sep 2016		3.0	O accumulation			
30 Sep 2014 – 30 Sep 2015		5.0	C accumulation			
30 Sep 2013 – 30 Sep 2014		6.6	520.36			
30 Sep 2012 – 30 Sep 2013		20.5	526.86			
30 Sep 2011 – 30 Sep 2012		4.4				

Source: Ruffer LLP, FTSE International (FTSE)¹

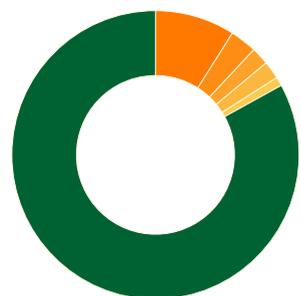
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 30 September 2016

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	16	● UK	25
● Gold	3	● Germany	16
● Options	1	● France	14
		● Sweden	13
		● Switzerland	6
		● Spain	2
		● Norway	2
		● Italy	1
		● Netherlands	1



Currency allocation	%
● Sterling	83
● Swiss franc	9
● Norwegian krone	2
● US dollar	3
● Euro	2
● Swedish krona	1

10 largest holdings (2 bonds and 61 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.4	Svenska Cellulosa	3.7
UK Treasury index-linked 1.1875% 2022	7.9	Deutsche Post	3.3
Aurelius	6.0	Emmi	3.2
ORPEA	4.8	Raisio	3.0
Loomis	4.1	Nlyte Software	2.9

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 £234.5m

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	0.06
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	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	

Dealing line 0345 601 9610

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 September 2016, assets managed by the Ruffer Group exceeded £20.1bn, of which over £11.1bn was managed in open-ended Ruffer funds.

Enquiries

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