

CF Ruffer European Fund

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



During October, the fund's O accumulation shares decreased by 0.1% from 520.36p to 520.02p. This compares to a 0.3% increase in the STOXX Europe 600 in euro terms and a 4.7% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 84.1% at the end of October, with an additional 0.3% in index put options. At the end of September, the gross figure was 81.4%, with 0.8% in index put options.

The European Central Bank (ECB) left its key interest rates and bond-buying stimulus programme unchanged in October as it waits for more data on the strength of Europe's economy and the inflation outlook. It has announced that a decision will be taken in December, in conjunction with possible changes to the programme's specifications, possibly adjusting the rules of the programme to allow it to buy a wider variety of bonds. ECB policymakers have said accommodative monetary policy would be maintained until inflation is on a sustainable path to its price stability target, an inflation rate close to 2% in the medium-term. The eurozone economic recovery can be described as modest at best, unemployment has remained high and inflation has been tracking persistently below the ECB's target level. While the European breakeven inflation rate is now showing signs of life, this is from a low level. This suggests that accommodative monetary policy is here to stay for now at least, providing continued support to financial markets. The future, however, is not that rosy as the lacklustre economy and high unemployment has driven a rise in populism and with a series of national elections coming up over the next eighteen months, the outlook for the eurozone is packed with political event risk.

October was a busy month with many companies reporting their third quarter results. On average, European companies seem to have met earnings expectations, however, these expectations had been persistently drifting lower throughout the course of the year. One of our portfolio companies positively surprising with its results was Nobia, a kitchen supplier operating mainly in the Nordics and UK, where expectations were low as a result of post-Brexit uncertainty in the UK. In fact, the UK kitchen market has held up quite well and the market in Sweden, in particular, continues to be strong. Nobia's valuation continues to look attractive for its earnings growth profile underpinned by further cost improvement measures over the next few years.

Elsewhere, we have topped up our holding in Autoliv, a safety system supplier to the automotive industry. It had experienced share price weakness due to the short-term margin impact from higher investments to support a high level of new contract wins across the business. Autoliv is gaining market share as a result of Takata's quality issues which resulted in a huge airbag product recall. We have also initiated a new position in Richemont, the luxury goods company with a collection of high quality jewellery and watch brands including Cartier and Van Cleef & Arpels. Richemont, along with the rest of the sector, has historically traded on a high valuation. The share price has suffered as a result of the gifting scandal in China which led to a fall in demand and a significant build-up of inventory in the supply chain, allowing us a rare opportunity to buy into this high quality company with a wide brand moat, strong long-term prospects and a rock-solid balance sheet (20% of its market cap is held in cash and assets).

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 %	October 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.1	4.7	3.4	13.9	41.3	147.9

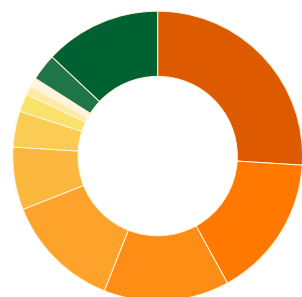
Percentage growth (O acc)	%	Share price as at 31 October 2016	p
30 Sep 2015 – 30 Sep 2016	3.0	O accumulation	520.02
30 Sep 2014 – 30 Sep 2015	5.0	C accumulation	526.65
30 Sep 2013 – 30 Sep 2014	6.6		
30 Sep 2012 – 30 Sep 2013	20.5		
30 Sep 2011 – 30 Sep 2012	4.4		

Source: Ruffer LLP, FTSE International (FTSE)*

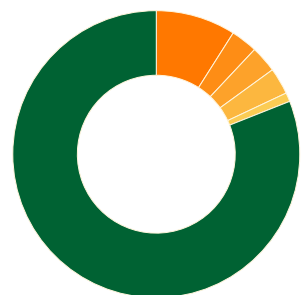
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 31 October 2016

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	13	● UK	26
● Gold	3	● Germany	16
		● Sweden	14
		● France	13
		● Switzerland	7
		● Spain	4
		● Norway	2
		● Italy	1
		● Netherlands	1



Currency allocation	%
● Sterling	81
● Euro	9
● Swiss franc	3
● US dollar	3
● Swedish krona	3
● Norwegian krone	1

10 largest holdings (3 bonds and 62 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 1.1875% 2022	6.8	Svenska Cellulosa	3.6
UK Treasury index-linked 0.125% 2024	6.6	Deutsche Post	3.3
Aurelius	5.9	Nlyte Software	3.1
ORPEA	4.6	Emmi	3.0
Loomis	4.1	Gold Bullion Securities	2.7

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 **£231.8m**

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 31 October 2016, assets managed by the Ruffer Group exceeded £20.4bn, of which over £11.4bn was managed in open-ended Ruffer funds.

Enquiries

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