

CF Ruffer European Fund

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



During January, the fund's O accumulation shares increased by 3.4% from 513.18p to 530.67p. This compares to a 0.1% increase in the FTSE Developed Europe in euro terms and a 1.1% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 83% at the end of January, with no index put options. At the end of December, the gross figure was 82%, again with no index put options.

In contrast to 2016, when markets started the year with a jolt, January 2017 was rather less volatile. Nevertheless, any lack of excitement in markets was made up for in the fund when retail behemoth Tesco announced it was merging with Booker, the UK's leading wholesaler. We first invested in the latter in 2007 when we backed the new CEO, Charles Wilson, in a recovery rights issue. That initial investment at 25p per share was well rewarded – the stock rising seven fold prior to the merger announcement, not to mention the circa 30p per share of capital returned to shareholders in the intervening years. Booker, under Wilson's leadership, has been transformed into a very good company and grown to become a significant weighting in the fund.

Whilst it will be with a tinge of sadness that we lose a direct share in such a good business, we find the industrial logic of the deal compelling. The combination will benefit customers and suppliers – the former through improved choice, price and service; the latter as they gain access to a broader market. We believe the combined entity should have ample opportunity to grow profitably and will have a business model resilient not just to the current threat posed by the likes of Lidl and Aldi, but to the longer-term competitive threat posed by Amazon as it expands into in food retail.

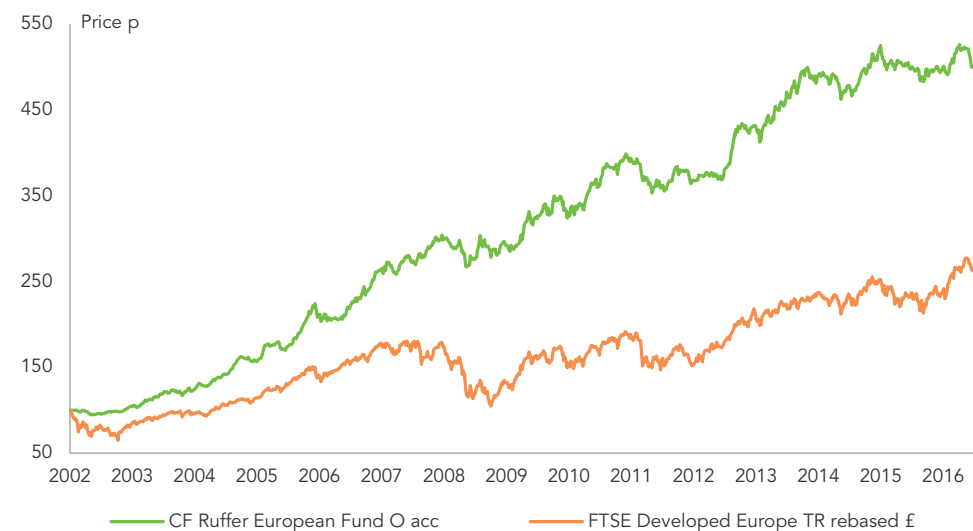
Elsewhere in the fund, one of the strongest performers in January was Hapag-Lloyd, a Hamburg based container shipping company in which we initiated a position towards the end of last year. The history of the industry is characterised by fragmented competition, rapid capacity growth in good times and losses in bad times. Post-2008 has been especially torrid with persistent overcapacity and volatile (often low) pricing. 2016 saw a marked acceleration of long overdue consolidation: several large merger announcements, the bankruptcy of Hanjin and new capacity sharing alliances. With demand growth low and threatened by anti-globalisation politics, it will take time before overcapacity can be fully addressed. However, progress is being made, orders for new ships have dropped to negligible levels and scrapping is at record highs despite freight rates recovering from destructive lows in early 2016. We expect long term improvements in the economics of container shipping and Hapag-Lloyd offers superior profitability with a track record of successful acquisition integration.

Finally, as noted at the bottom right, the index presented alongside the performance of the fund has been changed. At this juncture it seems appropriate to note that neither the presence nor choice of index has bearing on what the fund invests in or on how we manage it. The fund continues to be a best ideas stock picking fund which flexes in sympathy with Ruffer's view of the macro and markets.

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 %	January 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.4	3.4	8.6	12.9	44.2	130.8

Percentage growth (O acc)	%	Share price as at 31 January 2017	p
31 Dec 2015 – 31 Dec 2016	3.3	O accumulation	530.67
31 Dec 2014 – 31 Dec 2015	4.9	C accumulation	537.84
31 Dec 2013 – 31 Dec 2014	-0.7		
31 Dec 2012 – 31 Dec 2013	23.2		
31 Dec 2011 – 31 Dec 2012	7.4		

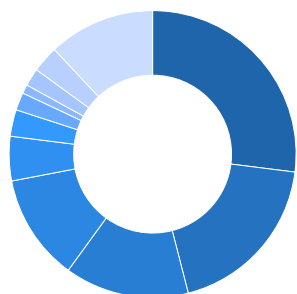
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

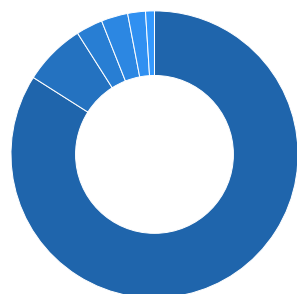
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 31 January 2017

Portfolio structure



Asset allocation	%		%
• UK equities	27	• Spain equities	2
• Germany equities	19	• Italy equities	1
• Sweden equities	14	• Gold equities	2
• France equities	12	• Cash	3
• Switzerland equities	5	• UK index-linked gilts	12
• Norway equities	3		



Currency allocation	%
• Sterling	84
• Swiss franc	7
• Norwegian krone	3
• US dollar	3
• Euro	2
• Swedish krona	1

10 largest holdings (3 bonds and 55 equities)

Stock	% of fund	Stock	% of fund
Aurelius	6.2	Svenska Cellulosa	3.7
UK Treasury index-linked 1.875% 2022	6.2	Deutsche Post	3.6
UK Treasury index-linked 0.125% 2024	6.2	Booker Group	3.1
ORPEA	4.4	Nlyte Software	3.1
Loomis	4.1	IP Group	3.0

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 £229.4m

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

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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 January 2017, assets managed by the Ruffer Group exceeded £20.8bn, of which over £11.6bn was managed in open-ended Ruffer funds.

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