

CF Ruffer European Fund

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



During September the fund's O accumulation shares increased by 0.5% from 502.71 to 505.09. This compares to a 3.7% decline in the STOXX Europe 600 in euro terms and a 2.6% decrease on a comparable, sterling-adjusted basis. The fund's equity exposure was 78.7% at the end of September; with 2.8% of that figure in index put options, the underlying 'long' equity exposure was 75.9%. At the end of August, the headline figure was 79.3%, with 2.5% in index put options.

September was another volatile month for European equity markets, with continuing concerns over the global impact of a slowdown in the rate of Chinese economic growth compounded by the fall-out from Volkswagen's admission that more than 11 million vehicles had software installed that allowed them to cheat diesel emission tests. While we had no direct exposure to Volkswagen in the fund, the few automotive suppliers we hold were dragged down along with it. Our put options on the DAX and FTSE indices again acted as a hedge against the general, and in this case significant company-specific, risk in equity markets and we ended the month with 2.8% in these options, after taking a significant amount of profit in the DAX position in the second half of the month.

During September we attended conferences in Stockholm, Paris, Munich and London, taking the opportunity to meet with a range of companies operating in different regions and sectors. Our overall impression was of an improving situation in Europe, with a broad-based cyclical pick-up everywhere except France which has yet to recover. Spain and Italy, in particular, are enjoying strong growth but of course from a lower base. German consumer and retail companies are seeing good momentum but are not yet seeing signs of a strong recovery. In Germany the dominant driver of performance is the shift from offline to online and this is masking any underlying improvement in the consumer environment from low unemployment, low inflation and higher wage inflation. We have struggled to find quality businesses that benefit from this structural shift, which has held us back from investing in the sector to gain exposure to the German consumer, despite what at first glance may appear to be attractive valuation multiples.

There was a lot of investor focus at the conferences on concerns over the weaker growth in China and other emerging markets. Whilst most companies pointed out that growth in China has been slowing for some time, European automotive Original Equipment Manufacturers (OEMs) and suppliers notably experienced an acceleration of the slowdown in the second quarter, as dealer and wholesaler destocking caused OEMs to adjust their production schedules down. This was exacerbated by a shift in consumer demand to small SUVs where local Chinese OEMs are much better positioned. Production levels appear to be stabilising in September but we will be keeping a close watch on how the situation develops. It still remains to be seen which of China's troubles are a storm in a teacup and which signal a significant structural shift with potentially far reaching consequences.

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 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.5	6.7	5.0	35.0	42.3	179.5

Percentage growth (O acc)	%	Share price as at 30 September 2015	p
30 Sep 2014 – 30 Sep 2015	5.0	O accumulation	505.09
30 Sep 2013 – 30 Sep 2014	6.6	C accumulation	509.84
30 Sep 2012 – 30 Sep 2013	20.5		
30 Sep 2011 – 30 Sep 2012	4.4		
30 Sep 2010 – 30 Sep 2011	1.0		

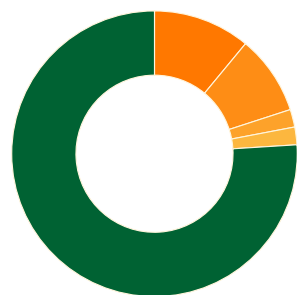
Source: Ruffer LLP

CF Ruffer European Fund as at 30 September 2015

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	14	● UK	33
● Cash	5	● Germany	13
● Options	3	● France	11
● Gold	2	● Sweden	9
		● Switzerland	8
		● Norway	1
		● Italy	1



Currency allocation	%
● Sterling	76
● Swiss franc	11
● Swedish krona	9
● Norwegian krone	2
● US dollar	2

10 largest holdings (64 equities and 3 bonds)

Stock	% of fund	Stock	% of fund
Aurelius	5.8	ORPEA	4.0
IP Group	5.4	Loomis	3.9
UK Treasury index-linked 0.125% 2024	4.7	Earthport	3.8
UK Treasury index-linked 1.1875% 2022	4.6	Emmi	3.5
UK Treasury index-linked 0.125% 2019	4.5	Raisio	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 £275.9m

Fund information

%	O class	C class
Ongoing Charges Figure	1.55	1.25
Annual management charge	1.50	1.20
Maximum initial charge	5.0	5.0
Yield	0.00	0.24
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	

Enquiries

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk
www.ruffer.co.uk

Fund Managers

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.



Guy Thornewill

INVESTMENT DIRECTOR

Began at Threadneedle Investments in 1996. After four years in Paris at Jefferies International as a pan-European stock-picking analyst on the sell side, returned to London in 2007 to work for Alliance-Bernstein, researching European mid-cap companies. A CFA charterholder, he joined Ruffer in 2009.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 September 2015, assets managed by the Ruffer Group exceeded £17.7bn, of which over £8.9bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.

Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2015