

CF Ruffer European Fund

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



During December, the fund's O accumulation shares decreased by 0.4% from 498.61p to 496.6p. This compares to a 4.4% decrease in the STOXX Europe 600 in euro terms and a 0.2% decrease on a comparable, sterling-adjusted basis. The fund's equity exposure was 76.9% at the end of December; with 0.6% of that figure in index put options, the underlying 'long' equity exposure was 76.3%. At the end of November, the headline figure was 72.4%, with 0.7% in index put options. Turning to calendar year performance, the fund rose by 4.9% in sterling terms; this compares to a gain of 7.3% for the STOXX600 index in euro terms and of 1.4% on a comparable sterling adjusted basis. There was no change in the fund's underlying 'long' equity exposure over this period.

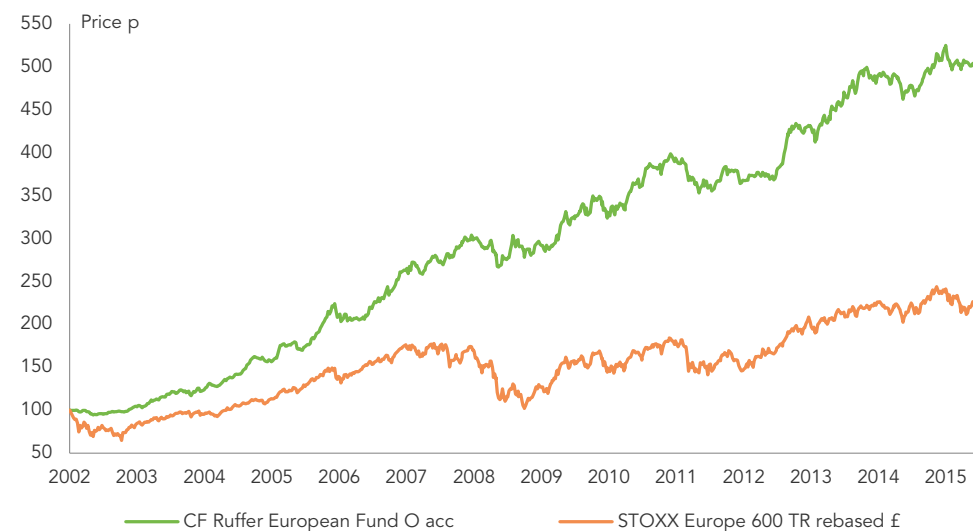
2015 was a roller coaster year for European equity markets. Mario Draghi's quantitative easing trumped lingering concerns over Greece's status within the eurozone during the first half of the year, resulting in a strong uptrend in key indices – at least through the distorted prism of performance in local currency terms. During the second half of the year, market participants turned their attention away from the benefits to European earnings from weakness in the single currency. Their spotlight fell instead on China, where macroeconomic concerns triggered a crash in the DAX and other European indices in early August. Sentiment was barely beginning to stabilise when Volkswagen hit the headlines for all the wrong reasons; news that one of Germany's automotive blue chips had used 'cheat software' to manipulate diesel emission standards caused another flash crash both in Volkswagen shares themselves and in the broader DAX index. It might seem churlish to mention the additional complications of plummeting oil and metal prices, and anticipation of the US Federal Reserve imposing its first interest rate increase for many years, all additional risk factors in the investment minefield.

Against this background, we are quietly gratified to be able to report a 4.9% increase in the fund's net asset value (NAV). Looking at the underlying performance attribution, we see gains were strongly correlated with our levels of conviction in individual equities. This is admittedly a correlation that readers will have to take on trust, although we are happy to report that the 'leader board' was led by Aurelius, one of our highest conviction positions. The decision to protect the fund's substantial euro exposure made a positive contribution to performance. In contrast, our use of put options on the main DAX and FTSE indices to hedge general downside risk in equities was a gross detractor. However, their protective power came into its own during the difficult month for the DAX in August, limiting the fund's NAV contraction to a mere 10% of the index fall. Reducing short-term volatility is clearly a positive for the portfolio in its own right; however, it has the far more important attribute of giving us the confidence to exploit sharp corrections to add positions in companies where valuation rather than quality of the investment has held us back in the past. Seen in this context, we believe that the short-term gross detraction from performance in 2015 will translate into enhanced net future returns, notwithstanding the broader context of macro-economic uncertainty.

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 %	December 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.4	4.9	4.9	28.3	29.5	177.7

Percentage growth (O acc)	%	Share price as at 31 December 2015	p
31 Dec 2014 – 31 Dec 2015	4.9	O accumulation	496.60
31 Dec 2013 – 31 Dec 2014	-0.7	C accumulation	501.65
31 Dec 2012 – 31 Dec 2013	23.2		
31 Dec 2011 – 31 Dec 2012	7.4		
31 Dec 2010 – 31 Dec 2011	-6.0		

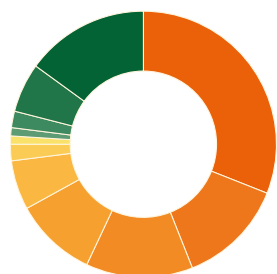
Source: Ruffer LLP

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.

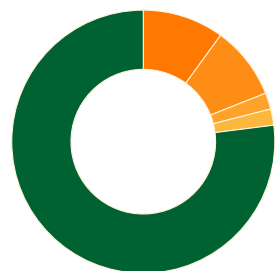
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other than the UK.

CF Ruffer European Fund as at 31 December 2015

Portfolio structure



Asset allocation	%		%
UK index-linked gilts	15	UK	31
Cash	6	France	13
Gold	2	Germany	13
Options	1	Sweden	10
		Switzerland	6
		Norway	2
		Italy	1



Currency allocation	%
Sterling	77
Swedish krona	10
Swiss franc	9
Norwegian krone	2
US dollar	2

10 largest holdings (3 bonds and 59 equities)

Stock	% of fund	Stock	% of fund
Aurelius	6.0	ORPEA	4.7
UK Treasury index-linked 0.125% 2024	5.1	Loomis	4.3
UK Treasury index-linked 1.1875% 2022	5.1	4d pharma	3.5
IP Group	5.0	Raisio	3.3
UK Treasury index-linked 0.125% 2019	5.0	Emmi	3.1

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 £248.6m

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	0.26
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	

Enquiries

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Fund Manager

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.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 December 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.3bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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