

CF Ruffer European Fund

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



During June, the fund's O accumulation shares decreased by 0.8% from 497.31p to 493.15p. This compares to a 6.8% decrease in the STOXX Europe 600 in euro terms and a 1.1% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 77.7% at the end of June, with an additional 0.5% in index put options. At the end of May, the gross figure was 72.2%, with 1.0% in index put options.

As investors we're constantly expecting the unexpected: we develop scenarios, think about how to mitigate risks and anticipate our responses to new information. But expecting something doesn't make the reality any less shocking – it does mean though we execute a plan rather than panic. We refer, of course, to Brexit: we had a plan and we were certainly shocked to have to execute it. Our overarching goal ahead of the referendum was to protect capital: whilst in the event equities declined our substantial index-linked gilt position and put option protection provided an offset. In the immediate carnage of the shock we were able to buy several companies at attractive panic valuations. As the dust has settled we are satisfied with how the portfolio performed.

One explicit decision we made ahead of the referendum was to continue fully hedging the fund's euro exposure. Whilst this cost several percentage points of performance the outcome of the referendum reinforces our conviction in the decision. It's easy in the aftermath of the result to focus on the implications for the UK – and understandably so, they could be profound, but ultimately they're unlikely to be existential. The same may not be true for the euro, perhaps not even the European Union.

There are some in Europe, the Federalists, who gloat at Brexit and see this as an opportunity to accelerate 'ever closer union'. There are others, coalescing around Germany, who tread more cautiously, recognising the EU will be poorer for the loss of Britain's pro-business Anglo-Saxon influence. In an odd way too, Britain also benefitted the EU by making possible the old adage 'your enemy's enemy is your friend'. If Britain is no longer the bogymen, who will be? The next country which experiences a popular uprising against 'The Project'? The EU has struggled to operate effectively even when the Franco-German axis has been intact; the Greek debacle of the past few years demonstrates how badly things can evolve when it isn't.

What is known is that the euro embedded flaws from its inception: structural deficits, uncompetitive exchange rates and a one-size-doesn't-fit-all interest rate policy which so far bankers and politicians have been able to obfuscate. We don't profess to know how or when, but we suspect that one day the flaws will lead to fracture and Brexit has made the politics of resolution much more difficult – for that reason we continue to hedge the fund's euro exposure.

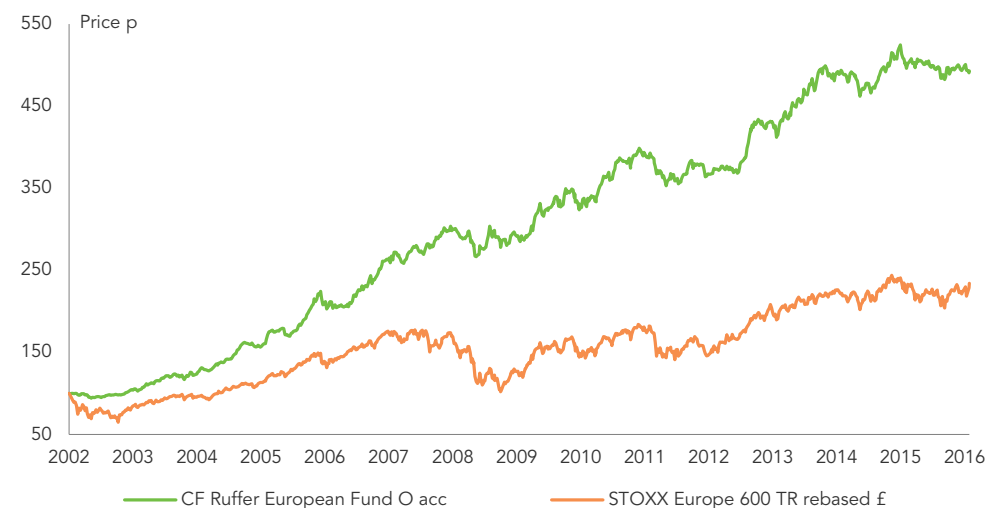
This wasn't the factsheet we were expecting to write: we'd hoped to report on spending June meeting a large number of companies in France, Germany, Sweden and Switzerland – they were doing fine. In light of the unexpected we now expect companies to offer a cautious outlook for the second half of the year. We can also expect increased uncertainty to lead to more volatile markets and that, we hope, will provide opportunities to buy good companies at attractive valuations – there's a silver lining even to dark clouds.

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 %	June 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.8	-0.7	-1.6	18.4	26.5	134.2

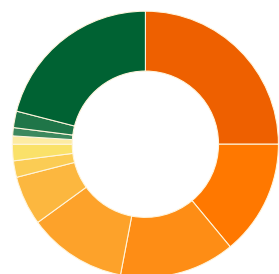
Percentage growth (O acc)	%	Share price as at 30 June 2016	p
30 Jun 2015 – 30 Jun 2016	-1.6	O accumulation	493.15
30 Jun 2014 – 30 Jun 2015	1.6	C accumulation	498.92
30 Jun 2013 – 30 Jun 2014	18.5		
30 Jun 2012 – 30 Jun 2013	12.5		
30 Jun 2011 – 30 Jun 2012	-5.0		

Source: Ruffer LLP

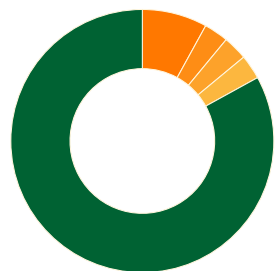
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer European Fund as at 30 June 2016

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	21	● UK	25
● Gold	2	● France	14
● Options	1	● Germany	14
		● Sweden	12
		● Switzerland	6
		● Spain	2
		● Norway	2
		● Italy	1



Currency allocation	%
● Sterling	83
● Swiss franc	8
● Norwegian krone	3
● US dollar	3
● Euro	3

10 largest holdings (3 bonds and 61 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	8.1	Loomis	4.1
UK Treasury index-linked 1.1875% 2022	7.8	Svenska Cellulosa	3.8
UK Treasury index-linked 0.125% 2019	5.5	Raisio	3.6
Aurelius	5.3	Emmi	3.3
ORPEA	4.8	IP Group	3.2

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 £232.6m

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	0.27
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	

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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 30 June 2016, assets managed by the Ruffer Group exceeded £18.5bn, of which over £10.1bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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