

CF Ruffer European Fund

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



During November, the fund's O accumulation shares decreased by 3.9% from 520.02p to 499.73p. This compares to a 0.8% increase in the STOXX Europe 600 in euro terms and a 4.7% decrease on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 78.7% at the end of November, with an additional 0.6% in index put options. At the end of October, the gross figure was 84.1%, with 0.3% in index put options.

Whilst historians might debate the original context of the late UK Prime Minister Harrold Wilson's famous quote 'a week is a long time in politics' few would dispute its timeless accuracy. Only weeks ago Trump looked like a busted flush: plagued by scandal, disowned by his party and mocked for his pledge to deport 'bad hombres'. When the news broke that he would become the 45th President of the United States, financial markets, after briefly dithering, reacted decisively by selling bonds and rotating out of bond-like equities into companies with exposure to cyclical growth and inflation.

The rotation away from quality towards cyclicals has been painful for the fund, despite having taken steps to prepare for it. We had been concerned for some time that valuations of high quality businesses had become elevated. Consequently we exited lower conviction positions and reduced the weighting even in businesses we consider to have outstanding long-term prospects. Nevertheless given these compounders are the core of our long-term buy and hold strategy we have been exposed to a segment of the market which has performed poorly post Brexit and which took an uncomfortable lurch down in November. We expect there will be opportunities to increase our exposure to these companies in the months ahead, but patience will be a virtue in waiting for the market to once again fully appreciate their intrinsic value.

Whilst a rotating market creates short-term challenges it throws up plenty of longer-term opportunities: as the herd charges out of one segment into another, value begins to emerge. For example, we observe that the magnitude of falls in some sectors price in a substantial and sustained rise in European sovereign bond yields, a scenario we think unlikely as it would choke off the meagre growth which is only just about sustained in many European countries. Elsewhere we see value in company specific situations where improving fundamentals or credible plans of a new management team have been overlooked by the market. We expect our work on these to lead to several new positions in the coming months.

Finally, as we look towards the end of the year and into 2017 we continue to see plenty of risk on the horizon in the form of European politics: the Italian constitutional referendum, the re-run of the Austrian presidential election and major elections in the Netherlands, France and Germany. Whilst we never take bets on binary outcomes we continue to fully hedge our euro position, cognisant of the risk that the single currency becomes the market's lightning rod for several weeks which could turn out to be 'a long time' in eurozone politics.

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 %	November 2016	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-3.9	0.6	0.2	6.2	39.0	127.5	
Percentage growth (O acc)	%		Share price as at 30 November 2016				
30 Sep 2015 – 30 Sep 2016	3.0		O accumulation				499.73
30 Sep 2014 – 30 Sep 2015	5.0		C accumulation				506.23
30 Sep 2013 – 30 Sep 2014	6.6						
30 Sep 2012 – 30 Sep 2013	20.5						
30 Sep 2011 – 30 Sep 2012	4.4						

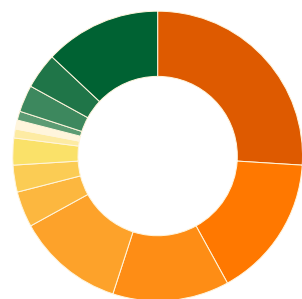
Source: Ruffer LLP

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.

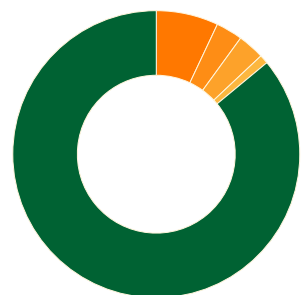
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other than the UK.

CF Ruffer European Fund as at 30 November 2016

Portfolio structure



Asset allocation	%		%
● UK index-linked gilts	13	● UK	26
● Cash	4	● Germany	16
● Gold	3	● Sweden	13
● Options	1	● France	12
		● Switzerland	4
		● Spain	3
		● Norway	3
		● Italy	1
		● Netherlands	1



Currency allocation	%
● Sterling	86
● Swiss franc	7
● Norwegian krone	3
● US dollar	3
● Euro	1

10 largest holdings (3 bonds and 58 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 1.1875% 2022	6.4	Deutsche Post	3.5
UK Treasury index-linked 0.125% 2024	6.3	Svenska Cellulosa	3.5
Aurelius	5.9	Nlyte Software	3.2
ORPEA	4.4	Statoil ASA	2.6
Loomis	3.9	Gold Bullion Securities	2.5

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 **£219.9m**

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 30 November 2016, assets managed by the Ruffer Group exceeded £20.3bn, of which over £11.2bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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