

CF Ruffer European Fund

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



During May, the fund's O accumulation shares increased by 3.3% from 538.31p to 556.03p. This compares to a 0.8% increase in the FTSE Developed Europe in euro terms and a 4.1% increase on a comparable, sterling-adjusted basis. The fund's gross equity exposure was 76.7% at the end of May, with no index put protection. At the end of April, the gross figure was 72.6%, also with no index put protection.

May was a relatively quiet month for politics and financial markets: Emmanuel Macron was duly elected president of France, the youngest French head of state since Napoleon I; the UK's anodyne general election campaign plodded on; for a few days Trump's administration felt the heat over links with Russia before attention turned to his first overseas trip, which was uneventful and generated fewer headlines than might have been expected – the white-knuckle Trump-Macron handshake a highlight for the press! With the exception of a brief wobble, markets continued to grind upwards with many European indices near all-time highs by the month end. In currency markets, sterling was weighted down by the UK election and the euro continued to strengthen.

The fund's performance benefitted from a significant weighting in French equities – strong contributors included ORPEA and Kaufman & Broad. In addition, we initiated a position in another French equity which had underperformed the broader market and where management, who are also significant owners, are committed to actions which should unlock value. Elsewhere, we took profit on a stock which had appreciated rapidly and added to HeidelbergCement and Autoliv which have underperformed, but where we have increasing conviction.

We first invested in HeidelbergCement in the middle of last year as a clean way of gaining exposure to any increase in global infrastructure spending. Whilst we are acutely aware that the cement industry has historically not generated attractive through cycle returns, we were attracted to the potential for a cyclical upswing combined with HeidelbergCement management's reassuring focus on shareholder returns. Alas, things progressed more slowly than we had hoped: weak results in emerging markets, concerns over rising energy costs and poor communication of the synergy savings from the acquisition of Italcementi all weighed on the share price, which has gone nowhere and significantly underperformed the DAX. We are optimistic that the worst is over: emerging markets appear to be stabilising and represent a smaller share of earnings as the northern hemisphere enters the peak summer construction period, US volumes remain strong, European prices have started to rise and we see potential for volumes to pick-up given the broad-based economic growth throughout the region. We expect management's focus on cash generation to enable the company to de-lever and pay a rising dividend as we wait for any major government-led infrastructure spending to really kick in.

Looking ahead, we will attend conferences in Germany, Sweden and Switzerland in June, meeting around 50 companies in total. In addition to gaining insight into the underlying drivers of current economic optimism, we hope to discover, despite high valuations, at least one or two companies whose improving fundamentals are not yet reflected in their share prices.

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 %	May 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.3	8.3	11.8	13.6	51.2	111.7

Percentage growth (O acc)	%	Share price as at 31 May 2017	p
31 Mar 2016 – 31 Mar 2017	6.0	O accumulation	556.03
31 Mar 2015 – 31 Mar 2016	-0.5	C accumulation	564.12
31 Mar 2014 – 31 Mar 2015	0.4	C income	104.71
31 Mar 2013 – 31 Mar 2014	16.1		
31 Mar 2012 – 31 Mar 2013	13.0		

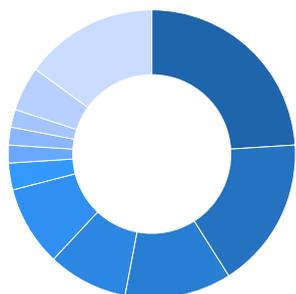
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the STOXX Europe 600 to the FTSE Developed Europe Index as Ruffer adopts FTSE as a data provider for all funds.

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.

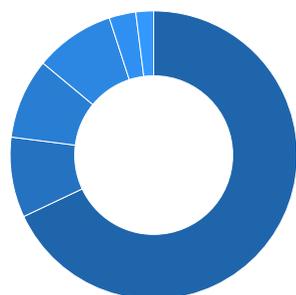
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer European Fund is not registered for distribution in any country other than the UK.

CF Ruffer European Fund as at 31 May 2017

Portfolio structure



Asset allocation	%		%
• UK	24	• Norway	2
• France	17	• Italy	2
• Germany	12	• Gold	2
• Sweden	9	• Cash	5
• Switzerland	9	• UK index-linked gilts	15
• Spain	3		



Currency allocation	%
• Sterling	68
• Swiss franc	9
• Swedish krona	9
• Euro	9
• US dollar	3
• Norwegian krone	2

10 largest holdings (3 bonds and 55 equities)

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.125% 2024	7.4	Kaufman & Broad	2.9
UK Treasury index-linked 1.875% 2022	7.4	Loomis	2.9
ORPEA	5.8	Comet	2.8
Deutsche Post	3.7	Emmi	2.6
Booker Group	3.0	Statoil ASA	2.5

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 £233.5m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.58	1.28
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 (acc)	C class GB00B84JVJ48 (acc) GB00B7KNM781 (inc)
SEDOL	3167816 (acc)	B84JVJ4 (acc) B7KNM78 (inc)
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

*Refers to accumulation shares

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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 May 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.2bn was managed in open-ended Ruffer funds.

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