



CF RUFFER EUROPEAN FUND

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

JANUARY 2010

ISSUE 76

Share price as at 31 Jan 2010

'O' accumulation shares

327.93p

Launch price as at 5 Jun 2002

100.00p

Percentage growth

31 Dec 2008 – 31 Dec 2009	9.1%
31 Dec 2007 – 31 Dec 2008	9.8%
31 Dec 2006 – 31 Dec 2007	21.7%
31 Dec 2005 – 31 Dec 2006	27.2%
31 Dec 2004 – 31 Dec 2005	22.0%

Source: Ruffer LLP

Sector ranking (Balanced Managed)

Position/No. of funds

1 year	135/139
3 years	1/109
5 years	1/87

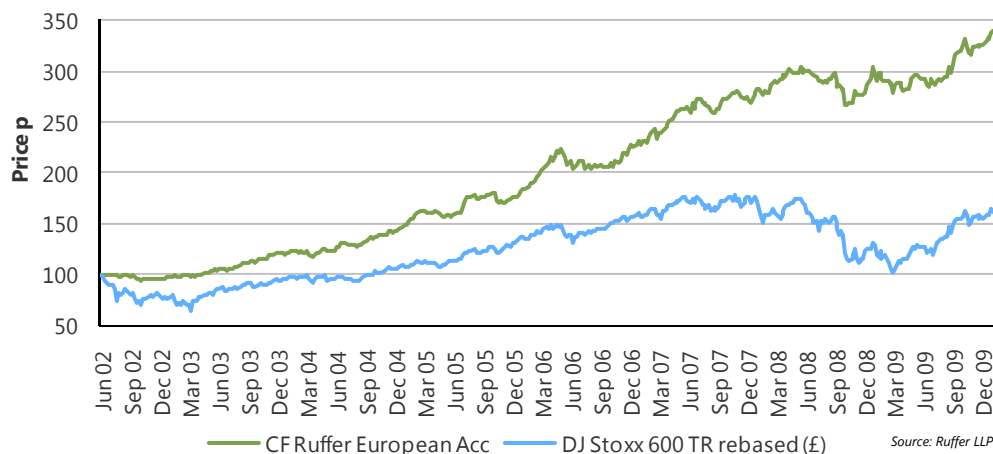
Source: Lipper, S&P

Investment adviser	Ruffer LLP
ACD	Capita Financial Managers Limited
Depository	The Bank of New York Trust & Depository Company Limited
Auditors	Grant Thornton UK LLP
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS III Eligible for ISAs
Share classes	Accumulation
IMA classification	Balanced Managed

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 inception



Source: Ruffer LLP

Monthly review

During the month of January, the Fund's 'O' Accumulation units fell by 1%, from 331.37 to 327.93p. This compares to a 2.9% fall in the DJ Stoxx 600 index in Euro terms and a 6.2% fall on a comparable, sterling-adjusted basis.

The Fund's equity exposure increased from 61% at the end of December to 65.3% at the end of January. The fixed interest weighting, which consists entirely of sterling index-linked issues, remained stable at 15.4%. The Fund's gold bullion exposure was also stable during the month at 4.1%. These movements left the balancing cash position at 15.2%, a decrease from the 19.5% weighting at the end of December.

For the Ruffer European team, the brave new world of 2010 started with a flurry of company meetings, courtesy of excellent conferences organized by Helvea in Switzerland and Cheuvreux in Germany. Over a total of five consecutive working days, we were able to meet and/or hear the management teams of dozens of Swiss and German companies, providing a fascinating insight into the current status quo in Europe. In its own business, Ruffer LLP strives to provide clients with an investment management service, and our ability to do so is based on the combination of a clear global asset allocation framework combined with an active, and equally global, stock selection process. Spitting in the face of the indexation phenomenon in equity markets calls for plentiful corporate access, and we hope that our readers will forgive us for hijacking our first report of the year to express our gratitude for 'what we have received'. Thanks are due first and foremost to the chief executives, finance directors, and investor relations teams of the several hundred European companies that we meet each year. We appreciate the invaluable insight that they give us into the development of their own operations, and, equally importantly, into trends in the global economy.

Our thanks are naturally also due to our counterparts in the broking world, who are normally the middlemen in the process, arranging

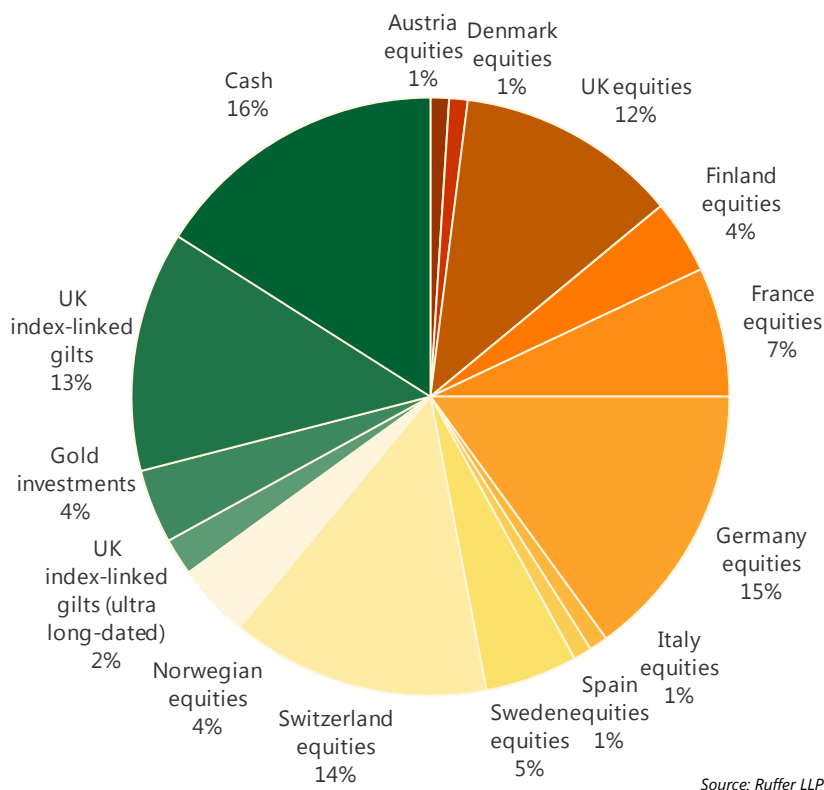
individual one-on-one meetings, corporate grand tours, and conferences. Without the kind services of firms such as Berenberg, Cheuvreux, Handelsbanken, Helvea, and many others sadly too numerous to mention, we would not have the same access to the European corporate sector, and our working days would be infinitely duller. Poring over annual and interim reports is a vital element of what we do, but the snapshot provided by an annual profit and loss account remains a rather dry representation of the cumulative efforts of an individual company's management and employees. It is the extensive and regular access that we have to management that gives us insight into the driving force behind the numbers, and gives us the opportunity to select what are normally genuinely long-term equity investments, made on behalf of individual clients investing with a view to nurturing capital for decades if not generations to come. If we had to compare and contrast this approach, it would be with the logic (lunacy?) of a \$500m European hedge fund that we were made aware of a couple of years ago, which used to liquidate its entire portfolio at the end of each trading day, and start afresh the next.

The new year has started nervously, with equity markets quickly reacting to macro risks such as China's clamp down on credit growth, increasing political and regulatory pressure on the global banking sector, and a bout of currency and bond market instability emanating from continuing problems in Greece and other Southern European economies. This scenario dictates near-term caution, but we enter 2010 with great confidence in the ability of our investee companies to weather the storm, as the reporting season for the fourth quarter of 2009 will prove how well and how rapidly they were able to adjust to the macro-economic turmoil. While the banking industry succeeded in sucking the lifeblood of credit out of vast swathes of the corporate sector, the best managements simply substituted it with an infusion of 'Red Bull', and seem to be correspondingly 'psyched' up to prosper in 2010.

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

Authorised and regulated by the Financial Services Authority. © Ruffer LLP 2010

Portfolio structure as at 31 Jan 2010

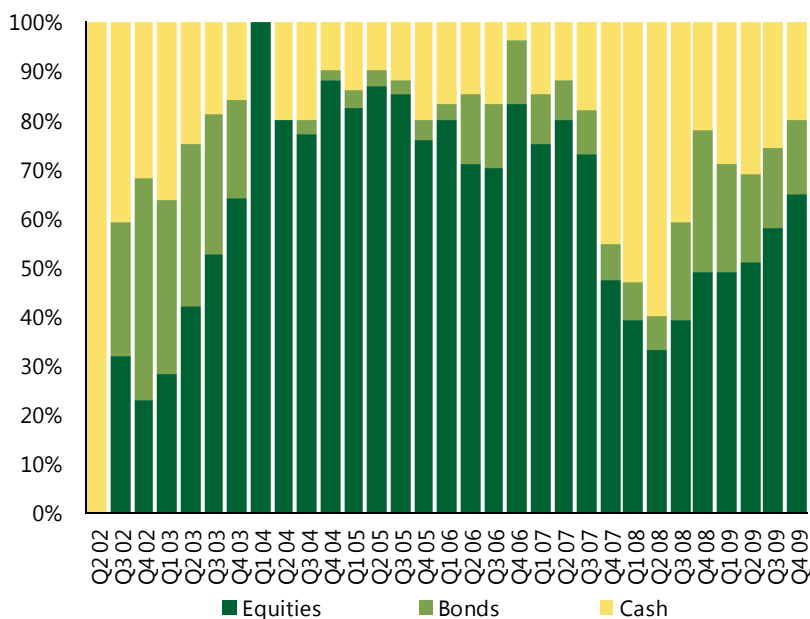


Ten largest holdings as at 31 Jan 2010

Stock	% of fund
UK Treasury index-linked 2.5% 2020	6.9
UK Treasury index-linked 1.25% 2017	4.4
Gold Bullion Securities Ltd	4.1
Statoilhydro	3.1
Carrefour	3.0
Carclo	2.9
Rheinmetall	2.8
Loomis	2.5
Raisio	2.5
BP	2.4

Source: Ruffer LLP

Asset allocation



Fund information

Fund size	£142.9m (31 Jan 2010)
No. of holdings	65 equities, 4 bonds (31 Jan 2010)
Minimum investment	£1,000
Benchmark (performance comparator)	Dow Jones Stoxx Index
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
Dealing line	0845 601 9610
ISIN Number	O class: GB0031678161
Sedol Number	O class: 3167816
Distribution yield	0.89%
Total Expense Ratio	1.58%
Ex dividend dates	15 March, 15 September
Pay dates	15 May, 15 November
Charges	Initial charge 5% Annual management charge O class 1.5%



TIMOTHY YOUNGMAN Research Director – Europe

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, and then to an independent research boutique in 1999, before joining Ruffer in January 2003. He manages the CF Ruffer European Fund.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, their trusts and pension funds. It also manages portfolios for small and medium sized corporate and charitable institutions. As at 31 January 2010, funds managed by the group exceeded £5.8bn, of which over £2.1bn was managed in open-ended Ruffer funds.

Enquiries	Alexander Bruce Tel 020 7963 8215 Fax 020 7963 8175 abruce@ruffer.co.uk www.ruffer.co.uk
Ruffer LLP	80 Victoria Street London SW1E 5JL