

CF Ruffer Pacific Fund

Consistent positive returns by investing in a diversified portfolio of Asia Pacific securities



August 2015 Issue 142

During the month, the fund fell by 5.7% compared to a 6.0% fall in the MSCI Asia Pacific Index, adjusted for sterling.

International investors have managed to ignore the Chinese market for years, with some reason, given its lack of correlation with other markets, the fact that it barely features in international indices, and until the opening of the Stock Connect, was barely accessible by investors from overseas. Even with the Stock Connect, foreign ownership of the Chinese stock market has remained extremely low, with the market still dominated by Chinese retail investors. So why did the world react with such alarm to the 8.5% fall in the Shanghai Composite Index on Monday 24 August? Or, for that matter, the 3% 'devaluation' in the renminbi a couple of weeks before, a weekly move that would scarcely attract comment in any of the other major world currencies, at least in recent years? Our view is that international investors were so alarmed, because international investors are easily alarmed at the moment: the most frightening event on the horizon is rising rates and the unwinding of QE, but alongside that there is deflation, collapsing commodity prices (although these are good for users of commodities), sluggish growth in much of the developed world, currency concerns, high levels of debt, overvalued asset prices, and illiquid markets, to name the main ones. And there is no easy solution in sight. Anything that might destabilise things therefore has the potential to cause a panic, and China falling into a deep recession, or having a major devaluation, would certainly have a negative global impact.

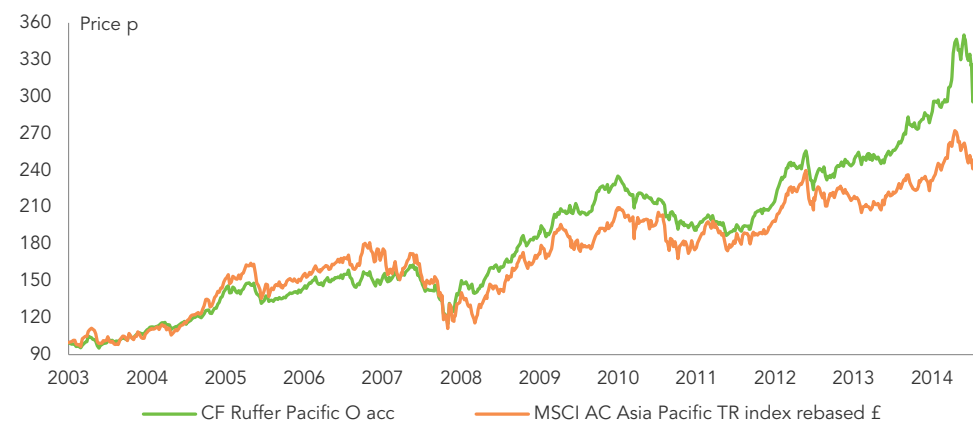
It seems most likely that the renminbi devaluation was done to indicate to the IMF that the currency market is being opened up, albeit slowly, and not as the first shot in an all-out currency war, while the stockmarket fall will be painful to investors, but has at least triggered another round of unwinding of the high levels of margin debt. We are also hopeful that it will hasten up the institutionalisation of the market.

Despite the poor share price performance, company results out this August have been generally good, with many companies in our Hong Kong/China portfolio reporting significant earnings beats, or having already given positive profit warnings before the results came out. Insurers and brokers did particularly well, and although it will be more difficult to replicate these results in the second half, we were pleased to note that the good results were not solely due to the equity market rally in the first half – the underlying insurance businesses also performed very well. With some of the other companies, the good results are due to changes of management strategy implemented after a slowdown in sales growth that started two or three years ago. The companies are now focused on running their businesses more effectively, rather than just piggy-backing on rapid growth in market demand. We now have many companies in the portfolio trading on low teen or even single digit earnings multiples, and while the markets remain vulnerable to further upset in the short term, we remain confident that patience will be rewarded.

Investment objective

The investment objective of CF Ruffer Pacific Fund is to deliver consistent positive returns by investing in a diversified portfolio of predominantly Asia Pacific equities. The fund may also invest in fixed income securities, collective investment schemes, cash, money market instruments, other transferable securities and derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the Company, with the proportion of the sub-fund invested in each asset class varying over time in line with changes in the Investment Manager's view about their relative attraction and subject to the limitations on investments contained in the prospectus.

Performance since launch on 31 December 2003



Performance %	August 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-5.7	-0.4	6.5	49.2	38.1	137.2
Percentage growth (O acc)						
30 Jun 2014 – 30 Jun 2015	27.1					
30 Jun 2013 – 30 Jun 2014	11.0					
30 Jun 2012 – 30 Jun 2013	18.9					
30 Jun 2011 – 30 Jun 2012	-9.6					
30 Jun 2010 – 30 Jun 2011	4.0					

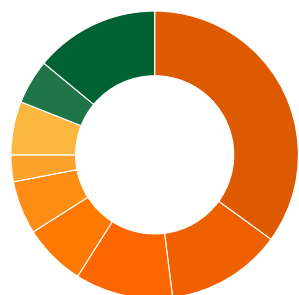
Source: Ruffer LLP

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.

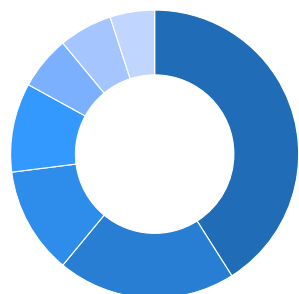
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 28 August 2015

Portfolio structure



Asset allocation	%		%
• Cash	14	• China equities	35
• Gold investments	5	• Japan equities	13
		• Sri Lanka equities	11
		• Hong Kong equities	7
		• Philippines equities	6
		• Singapore equities	3
		• Other	6



Currency allocation	%
• Hong Kong dollar	41
• Sterling	20
• US dollar	12
• Sri Lankan rupee	10
• Australian dollar	6
• Philippine peso	6
• Other	5

10 largest of 77 equity holdings

Stock	% of fund	Stock	% of fund
Jamco	3.2	Swire Pacific	2.3
China Mobile	3.0	China Life Insurance	2.2
PICC Property & Casualty	2.9	Honda Motor	2.2
Anta Sports Products	2.6	John Keells	2.1
Evolution Mining	2.5	Bank of China	1.9

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 £309.7m

Fund information

%	O class	C class
Ongoing Charges Figure	1.60	1.27
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.15	0.40
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	

Share classes	Accumulation only	
	O class	C class
ISIN	GB0034035328	GB00B8BZHC05
SEDOL	3403532	B8BZHC0
Investment adviser	Ruffer LLP	
Sub advisor	Ruffer (Asia) Limited	
ACD	Capita Financial Managers Limited	
Depositary	BNY Mellon Trust & Depositary (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

Mary McBain

INVESTMENT DIRECTOR



After graduating from Oxford University in 1985, started work at Invesco MIM as a fund manager on the Asian team. After leaving Invesco in 1990, she spent many years living and working in Asia, for GK Goh Securities, Apollo Investment Management and Ballingal Investment Advisors. She joined Ruffer in 2006 and manages the CF Ruffer Pacific Fund.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £8.8bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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