

CF Ruffer Pacific Fund

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



September 2015 Issue 143

During the month, the fund rose by 1.4% compared to a 3.8% fall in the MSCI Asia Pacific Index, adjusted for sterling.

September proved another difficult month for markets, although the Pacific region did not stand out as being particularly bad – even if the rest of the world wants to point their finger at China. However, our position has not really changed: certain sectors of the economy are doing very badly, and others continue to prosper. There are some signs of a knock-on effect from the stock market collapse, although property sales continue to do well, while there are also signs that weakness in ‘old China’ is having some impact on consumption and employment. We do not see anything that makes us feel that investing in companies on single digit multiples is not a good idea.

We visited Vietnam this month. Their economy is performing strongly (third quarter GDP rose by 6.8% year on year), there is no inflation, interest rates are coming down, exports are still a bright spot (up 9.6% year on year in the first nine months of the year), and pledged foreign investment was up 53% year on year over the same period. The market looks cheap, but it is still difficult to invest in, despite the news that the foreign ownership limit had been lifted. In practice, it would appear this policy has not been fully thought through, with the first company to let foreigners own over 50% apparently being told that it was now considered to be a ‘foreign’ company, and subject to different rules.

Even if it was easier to buy the market, there is the question of what to buy. One of the plus points about the country is the energy and industriousness of its workforce. Although it would be ill-advised to draw firm conclusions on the strength of meeting a dozen companies, one gets the sense of an extraordinary degree of mercantilism (in almost direct inverse proportion to the extreme obduracy of the ruling Communist party). For a potential investor, this has its cons as well its pros. Perfectly sensible companies seem to have no qualms about disposing of their (highly promising) core business, and less sensible companies seem prepared to try their hand at any new business. In other words, what you buy today may well not be the same as what you own tomorrow.

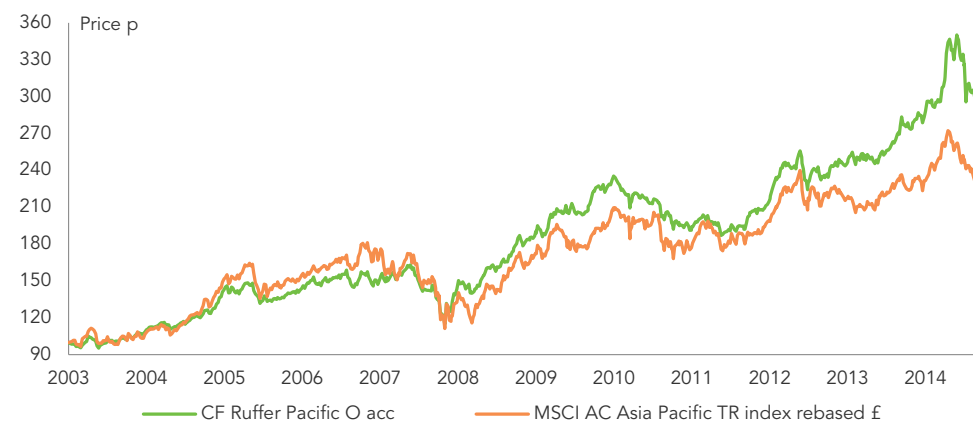
The areas we would prefer to invest in are consumption and commercial property. There are only 1.5m square metres of office space in both Ho Chi Minh City and Hanoi, with very little grade A, and almost nothing under construction. One noticeable change since our last visit to Ho Chi Minh was that infrastructure development is now under way including a metro line, a tunnel, new roads and bridges. The retail market is still dominated by markets or ‘mom & pop’ shops – there is enormous scope for retail (whether conventional or through e-commerce) and consumer companies to expand.

There is the possibility that the government will become more open and progressive following the retirement, due to age, of ten out of sixteen politburo members at the 12th Party Congress in January next year. This is something we will watch closely, as it has the potential to make an enormous difference to this dynamic country, with its young population of 85m.

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 %	September 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.4	1.0	5.5	41.5	30.4	127.8
Percentage growth (O acc)					%	
30 Sep 2014 – 30 Sep 2015					5.5	
30 Sep 2013 – 30 Sep 2014					17.6	
30 Sep 2012 – 30 Sep 2013					14.1	
30 Sep 2011 – 30 Sep 2012					4.6	
30 Sep 2010 – 30 Sep 2011					-11.9	

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.

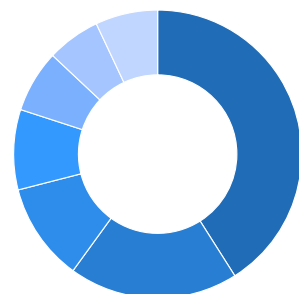
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CF Ruffer Pacific Fund as at 30 September 2015

Portfolio structure



Asset allocation	%		%
• Cash	13	• Chinese equities	35
• Gold investments	6	• Japan equities	12
		• Sri Lanka equities	10
		• Hong Kong equities	7
		• Philippines equities	6
		• Singapore equities	3
		• Other	8



Currency allocation	%
• Hong Kong dollar	41
• Sterling	19
• US dollar	11
• Sri Lankan rupee	9
• Australian dollar	7
• Philippine peso	6
• Other	7

10 largest of 76 equity holdings

Stock	% of fund	Stock	% of fund
Jamco	3.3	Swire Pacific	2.4
Evolution Mining	3.2	China Life Insurance	2.2
China Mobile	3.1	Honda Motor	2.1
PICC Property & Casualty	3.0	HNA Infrastructure	1.9
Anta Sports Products	2.8	John Keells	1.9

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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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 £304.9m

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	0.28	0.59
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

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

+44 (0)20 7963 8254
rif@ruffer.co.uk
www.ruffer.co.uk

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 30 September 2015, assets managed by the Ruffer Group exceeded £17.7bn, of which over £8.9bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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