

CF Ruffer Pacific Fund

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



October 2015 Issue 144

During the month, the fund rose by 6.7% compared to a 6.5% rise in the MSCI Asia Pacific Index, adjusted for sterling.

Throughout the year, we have been judiciously reducing holdings of some of our more illiquid stocks which had performed well, but this process came to an abrupt halt as the markets fell steeply in the summer. Almost all stocks took a hit during this time, but some of the smaller caps saw their share prices drop by nearly 50% in a very short period. Now that some calm has been restored, prices have started to rebound and a few of our holdings are close to or even at their previous highs, we are going to continue to try to reduce the level of risk from the portfolio, by raising our cash position slightly and making sure we are in more liquid stocks.

The recent market fall has presented us with some very attractive investment opportunities. Regular readers of this monthly review will know that we have long considered Chinese property to be a no-go area, and have avoided the sector for some years, with the exception of our holding in Shenzhen Investment. But after a couple of years of draconian restrictions on property buying (including outright bans on second home purchases, and mortgage down payments of up to 60%), speculation appears to have been driven out of the property market, and most buyers now seem to be genuine end-users. With prices and transactions down, the Chinese government has been progressively relaxing these restrictions, and the market has picked up again, particularly in the first tier cities, where there is not a problem with oversupply. When a company's shares have fallen by 60%, are trading on a PE ratio of under 4x, with a yield of over 8%, a steep discount to net asset value, and the company appears to be sensibly managed, this type of investment now seems much more compelling.

A recent trip to China has underlined that the government seems serious about reform and rebalancing, even if the consequences for economic growth are harsh. While property remains an area that banks are discouraged from lending to, we understand that funding is now going to be much harder to come by for sectors suffering from overcapacity, such as steel, coal and aluminum. Since these sectors are losing money at the moment, depriving them of funds might finally provide the catalyst for some capacity closure, and the least efficient or highest cost should be the first to go. While painful, this is absolutely necessary, and if it does happen we will view it very positively.

Elsewhere, we have invested in a Vietnamese equity fund. Unfortunately, it is very difficult to acquire positions in the stocks we would like to own in this market, due to the foreign ownership limits, but, as we wrote last month, the economy is performing well, and share valuations are still very reasonable.

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 %	October 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	6.7	4.7	8.2	47.2	34.4	142.2
Percentage growth (O acc)		%				
30 Sep 2014 – 30 Sep 2015		2.6				
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.

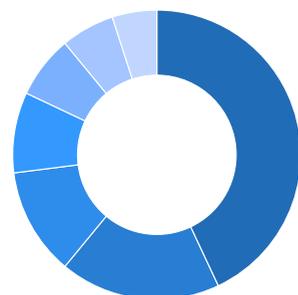
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 30 October 2015

Portfolio structure



Asset allocation	%		%
• Cash	13	• China equities	36
• Gold investments	6	• Japan equities	12
		• Sri Lanka equities	10
		• Philippines equities	6
		• Hong Kong equities	6
		• North America equities	3
		• Other equities	8



Currency allocation	%
• Hong kong dollar	43
• Sterling	18
• US dollar	12
• Sri Lanka rupee	9
• Australian dollar	7
• Philippines peso	6
• Other	5

10 largest of 75 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.4	Honda Motor	2.2
PICC Property & Casualty	3.3	China Life Insurance	2.2
China Mobile	3.0	Bank Of China	1.9
Jamco	2.7	John Keells	1.9
Swire Pacific	2.4	HNA Infrastructure	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.

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 £321.8m

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	0.26	0.55
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 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.3bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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