

CF Ruffer Pacific Fund

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



January 2016 Issue 147

During the month, the fund fell by 9.0% compared to a 4.4% fall in the MCSI Asia-Pacific Index, adjusted for sterling.

Our pessimism last month seems, with hindsight, to have been well-founded, although we were taken aback by the speed and savagery of the sell-off in markets. If we felt that many of our holdings looked good value at the start of the month, they look a lot better value now.

It is not all gloom and doom out there. One piece of positive news was on capacity closures in some of the industries with excess capacity in China (coal, iron ore, steel, glass and aluminium), and projected capacity closures in the year ahead. In the past, the Chinese government has had great difficulty enforcing orders to shut old, inefficient or highly-polluting capacity, for the simple reason that many businesses were still cash flow positive, if not always profitable, and local governments did not want to have lots of unemployed workers on their hands. Now, many businesses are cash flow negative, so not only are market forces on the government's side, but environmental compliance will add to costs at the producers. One other problem is that these industries tend to be very concentrated geographically, often in areas that do not have much else in the way of job opportunity. The central government will also help out with social security costs. For this reason, we are optimistic that closures will take place. We do not believe that the weakness in basic industrial material prices can be entirely blamed on weak Chinese demand, it is also due to far too much new supply coming on. If supply is cut sufficiently, even if demand remains weak, prices can stabilize or recover. This would be very positive for the economy, and we will monitor it closely.

On capital outflows from China, there is some evidence that a fairly large proportion of these outflows is Chinese companies repaying their foreign debt. For much of last year, we heard companies talking about doing this, not because they feared a devaluation, but because they had only borrowed in dollars because it was either cheaper than borrowing in renminbi, or because they had not been able to get bank loans in China, for example, disreputable property companies – quite why foreign investors were prepared to lend them money when no self-respecting Chinese bank would, is another matter altogether. However, with the corporate bond market in China growing rapidly, and Chinese bond rates coming down sharply, it made far more sense for them to borrow domestically. Since the August 'devaluation', it has made even more sense. Why take a currency risk? We are sure that there are still many wealthy Chinese who would prefer to shift some of their assets overseas, but there is little sign of this wealth transfer in its usual haunts – Macau casinos, Hong Kong luxury goods or high end property (all three down sharply last year), while high end property from London to Sydney to San Francisco does not seem to be experiencing vast inflows from China. Even the price of some top wines usually favoured by the Chinese seems to be coming down.

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 %	January 2016	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-9.0	-9.0	-6.5	18.2	22.0	88.2	
Percentage growth (O acc)	%		Share price as at 29 January 2016				p
31 Dec 2014 – 31 Dec 2015	4.9		O accumulation				274.93
31 Dec 2013 – 31 Dec 2014	16.7		C accumulation				278.09
31 Dec 2012 – 31 Dec 2013	13.8						
31 Dec 2011 – 31 Dec 2012	11.7						
31 Dec 2010 – 31 Dec 2011	-17.4						

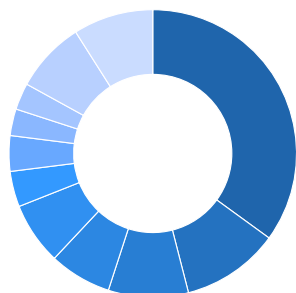
Source: Ruffer LLP

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.

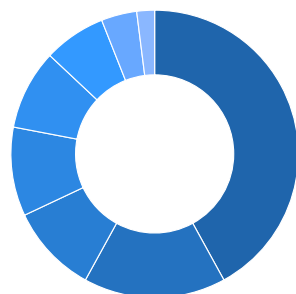
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 29 January 2016

Portfolio structure



Asset allocation	%		%
• China equities	35	• Australia equities	4
• Sri Lanka equities	11	• North America equities	3
• Japan equities	9	• Asia Pacific ex Japan funds	3
• Philippines equities	7	• Gold investments	8
• Hong Kong equities	7	• Cash	9
• Singapore equities	4		



Currency allocation	%		%
• Hong Kong dollar	42	• Australian dollar	9
• Sterling	16	• Philippines peso	7
• US dollar	10	• Singapore dollar	4
• Sri Lanka rupee	10	• Other	2

10 largest of 74 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.4	Zhaojin Mining Industry	2.2
China Mobile	3.5	John Keells	2.1
PICC Property & Casualty	3.1	Bank of China	2.0
Swire Pacific	2.5	Shenzhen Investment	2.0
HNA Infrastructure	2.4	Tiburon Taurus Fund	1.9

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 £271.9m

Fund information

%	O class	C class
Ongoing Charges Figure	1.60	1.28
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.27	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	
ISIN	O class GB0034035328	C class 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	

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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 January 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.2bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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