

CF Ruffer Pacific Fund

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



March 2016 Issue 149

During the month, the fund rose by 4.4% compared to a 5.4% increase in the MSCI Asia Pacific Index, adjusted for sterling.

About 20% of the fund is now invested in Sri Lanka and 'emerging' ASEAN countries such as the Philippines, Vietnam and most recently Myanmar, where per capita income is below US\$4,000 per annum. Unlike 'developed' ASEAN, these countries have not seen much of a deceleration in economic activity over the past few years, and had an average rate of real GDP growth over the past three years of 6-9%. None of them have particularly developed stock markets, which limits our ability to invest there, but in the Philippines and Sri Lanka we have held stocks directly for some years, and in Vietnam and Myanmar, our investment is via a fund and a Singapore-listed company, respectively.

These countries share some core characteristics, such as extremely low household debt, corporate debt and to varying degrees, government debt, although the latter tends to be where the debt is concentrated, because governments have been the only actors with the size and ability to borrow on any scale. Wages are low in all of them, and populations large (with the exception of Sri Lanka, which is only 22 million), but only one of them, Vietnam, is particularly dependent on exports. None of them produce much in the way of industrial commodities, or oil, so lower commodity prices are actually rather good for them. Inflation and interest rates have been generally higher than elsewhere in the world, and although inflation has come down, courtesy of lower oil and other commodity prices, there is not much worry about deflation in these countries. But other than that, it is difficult to generalise: all of them seem to have, for their own idiosyncratic reasons, their own momentum, which in all cases seems to have nothing at all to do with quantitative easing, and other global monetary experiments. Indeed, here is another common factor that makes these markets very appealing: none of them have embarked on any kind of financial repression. They have not needed to, having not been part of the huge build-up in debt that led to the global financial crisis in the developed world. Instead, they have followed an independent monetary policy, setting interest rates at a level that is appropriate for whatever stage they are at in their economic cycles.

Over the past two to three decades, much of what is now 'developed' Asia achieved staggering rates of growth on the back of exports to the rich consumers of the US and Europe. The current cohort of emerging countries – and the list above is far from comprehensive – have China on their doorstep, now the second largest economy in the world, as well as their own large populations and opportunities in their neighbouring countries. Much has been written about the shift of lower end manufacturing from China to these countries, but the commentary often neglects to mention is that it is Chinese companies themselves who are at the forefront of this shift, and with it they bring Chinese machinery, capital and infrastructure, as well as potential access to the large and growing Chinese consumer market.

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 %	March 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	4.4	-2.2	-5.6	21.2	34.2	100.4
Percentage growth (O acc)		%				
31 Mar 2015 – 31 Mar 2016		-5.6				
31 Mar 2014 – 31 Mar 2015		25.2				
31 Mar 2013 – 31 Mar 2014		2.6				
31 Mar 2012 – 31 Mar 2013		23.9				
31 Mar 2011 – 31 Mar 2012		-10.5				

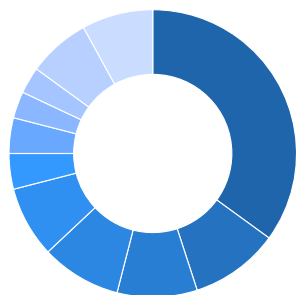
Source: Ruffer LLP

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.

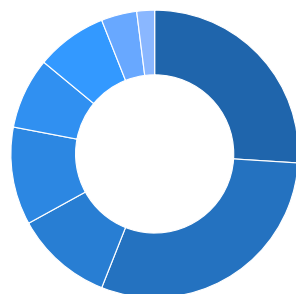
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 31 March 2016

Portfolio structure



Asset allocation	%		%
• China equities	35	• North America equities	4
• Sri Lanka equities	10	• Asia Pacific ex Japan funds	3
• Japan equities	9	• Australia equities	3
• Hong Kong equities	9	• Gold investments	7
• Philippines equities	8	• Cash	8
• Singapore equities	4		



Currency allocation	%		%
• Hong Kong dollar	26	• Australian dollar	8
• Sterling	30	• Philippines peso	8
• US dollar	11	• Singapore dollar	4
• Sri Lanka rupee	11	• Other	2

10 largest of 74 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.7	HNA Infrastructure	2.2
China Mobile	3.3	Beijing Capital Land	2.0
PICC Property & Casualty	3.1	Bank of China	2.0
Swire Pacific	2.6	CITIC Securities	2.0
China Lodging Group	2.3	Shenzhen Investment	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 £288.7m

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	0.26	0.56
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	

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL 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 31 March 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.4bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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

Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2016