

CF Ruffer Pacific Fund

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



July 2016 Issue 153

During the month, the fund rose by 6.6% compared to a 5.7% increase for the MSCI Asia Pacific Index, adjusted for sterling. Gold equities and currencies outside of sterling were key drivers of performance, although after their strong run, we took some profits in gold equities. In the aftermath of Brexit, and despite the prompt instatement of Theresa May as Prime Minister, sterling weakened further and gold benefitted from safe haven flows as uncertainty weighed on markets. The fund has benefitted from having over 60% of the portfolio exposed to currencies outside of sterling. Consumer-focused equities in Sri Lanka reported decent earnings over the month having benefited from higher wages and a temporary repeal of the VAT increase, while Chinese consumer stocks also performed well.

In a world awash with debt and with global growth weak, central banks have begun openly stating that monetary policy is running out of road and requires the support of government induced fiscal stimulus. This is less of a factor in Asia, since economic growth in many countries has been reasonably strong, and economies are not in such a fragile state as the rest of the world. However, we continue to look for companies in the region that will benefit from government spending and infrastructure expenditure. We initiated a position in a cement company in the Philippines. Alongside an existing holding in a property development company, it should be a beneficiary of the rise in construction spending, including a pick-up in residential demand amid a shortage of housing, and a number of large projects in areas where the company has a strong foothold (and where the new President is from!). The fund has similar exposure in Thailand.

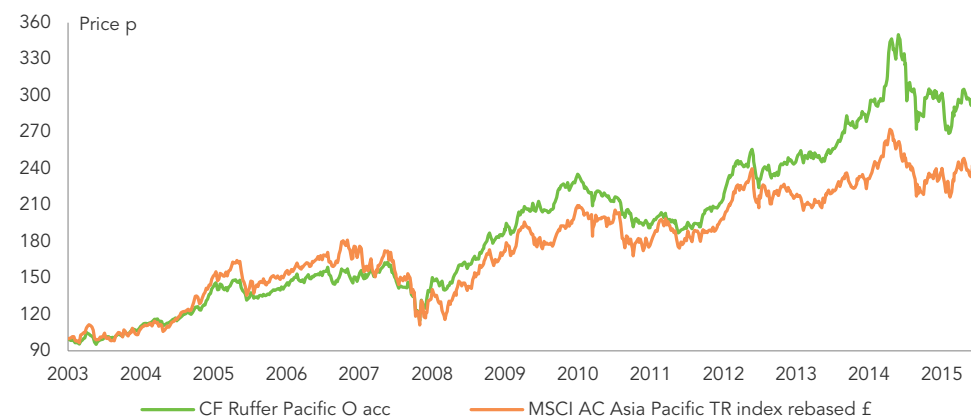
In China, both monetary and fiscal policy have helped support the economy this year. Data for the first half of the year showed decent nominal demand growth in the second quarter, the strongest since the third quarter of 2014, and encouraging retail sales volumes after a disappointing start to the year. In July, the National Development and Reform Commission reiterated the strategic importance of high speed rail in China. Infrastructure spending is deemed to have been less wasteful and problematic than the 2008/9 stimulus. Property stocks have benefitted from a range of policies which have led to a sharp rise in selling prices. Initiatives to exhort migrants to buy in Tier 3-4 cities have helped absorb some of the excess supply. It has been encouraging to see a decline in vacant space and that gross floor area under construction has slowed.

The government seems likely to continue to use stimulus to keep the show on the road until the October 2017 Party Congress. At this point, there will be a large turnover in the standing committee (five of the seven members will retire). As yet, it seems unclear what Xi Jinping's economic agenda really is (or the views of those he may appoint). A number of encouraging reforms have been rolled out to address sectors with overcapacity and we will monitor their implementation. Overall, there are a number of concerns surrounding the China economy but there is no obvious immediate catalyst for a moment of panic and indeed a number of bright areas which are overlooked. Scars about an imminent growth collapse, sharp currency devaluation or financial crisis seem overdone.

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 %	July 2016	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	6.6	8.8	8.2	36.7	53.8	143.1	
Percentage growth (O acc)	%		Share price as at 29 July 2016				p
30 Jun 2015 – 30 Jun 2016	-5.0		O accumulation				328.90
30 Jun 2014 – 30 Jun 2015	27.1		C accumulation				333.15
30 Jun 2013 – 30 Jun 2014	11.0						
30 Jun 2012 – 30 Jun 2013	18.9						
30 Jun 2011 – 30 Jun 2012	-9.6						

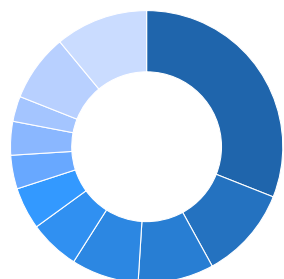
Source: Ruffer LLP

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.

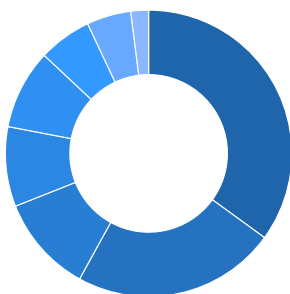
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 29 July 2016

Portfolio structure



Asset allocation	%		%
• China equities	31	• Philippines equities	4
• Sri Lanka equities	11	• Australia equities	4
• Japan equities	9	• North America equities	3
• Hong Kong equities	8	• Gold investments	8
• Asia Pacific ex Japan	6	• Cash	11
• Singapore equities	5		



Currency allocation	%		%
• Sterling	35	• Australian dollar	9
• Hong Kong dollar	23	• Philippines peso	6
• Sri Lanka rupee	11	• Singapore dollar	5
• US dollar	9	• Other	2

10 largest of 71 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.5	HNA Infrastructure	2.1
China Mobile	3.6	Bank of China	2.0
Swire Pacific	2.9	Shenzhen Investment	2.0
PICC Property & Casualty	2.6	DB X-Trackers CSI300 Index ETF	1.9
John Keells	2.1	Beijing Capital Land	1.8

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 £316.0m

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	0.24	0.53
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 July 2016, assets managed by the Ruffer Group exceeded £19.2bn, of which over £10.6bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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