

CF Ruffer Pacific Fund

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



September 2016 Issue 155

During the month, the fund rose by 2.2% compared to a 2.5% increase in the MSCI Asia Pacific Index, adjusted for sterling.

Although reform is slow in some areas of the Chinese economy, financial reform is continuing at a decent pace. In late August, the long awaited Shenzhen-Hong Kong Stock Connect was finally approved by China's State Council, and is expected to be operational by year end. There will be no quotas on trading using this link, and the total quota for the Shanghai-Hong Kong Stock Connect has also been abolished (although the daily quota remains in force). It was also announced that Chinese insurance companies are now permitted to trade using the Stock Connect. The Shenzhen Stock Connect was meant to launch last year, but this was postponed due to the extremely sharp fall in China's stock markets. Originally, the Shenzhen plan included hedging products, such as index futures. These are still on hold, but we understand that in time this link (or other similar links) could extend not just to derivatives, but primary offerings, bonds and currency products.

While the main purpose of the links is to open up Chinese capital markets to international investors, we believe they are very positive for Hong Kong. Already, southbound turnover has shot up, now accounting for as much as 12% of Hong Kong turnover – apparently the quota was a major obstacle for mainland institutions. As professional asset management in China grows, it would seem logical for these institutions to buy Hong Kong stocks, which are still trading at a discount of around 20% to their mainland peers. In addition, there are many Chinese companies that are only listed in Hong Kong, such as the telecoms giant, China Mobile, and the newly-listed Postal Savings Bank. The Shenzhen Connect will cover over a hundred more listed stocks than the Shanghai Connect. It remains to be seen how much appetite Shenzhen investors will have for the more staid Hong Kong market, but if any investors are interested in a bargain, the Hang Seng Index is on a PE of 12.9x and yield of 3.4%, compared to Shenzhen, the home of China's tech and IT companies, on 45.7x.

On a less positive note, it is hard to feel optimistic about the impact of the US election, whatever the result. Hillary Clinton has not been a great friend to China, and she is widely thought to have exacerbated tensions in the South China Sea; furthermore, her support in the past for the TPP, which excludes China, and her emphasis on human rights abuses, has not helped the relationship. What Trump's China policy will eventually turn out to be, when confronted with the realities of the situation – for example that both American consumers and American businesses depend on China as a cheap manufacturing base – is an unknown at the moment, but the headlines have not been entirely encouraging. So either way, it is possible that there might be some market jitters in the run-up to the election, or immediately afterwards. Still, we believe that companies in the region offer good value on both a relative and an absolute basis.

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 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.2	14.5	22.3	47.6	76.0	152.1
Percentage growth (O acc)						
30 Sep 2015 – 30 Sep 2016	22.3					
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					

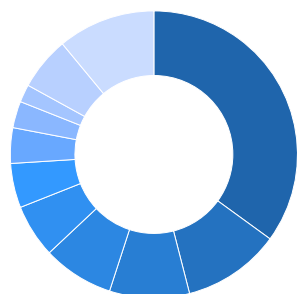
Source: Ruffer LLP

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.

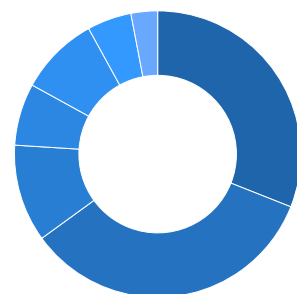
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 30 September 2016

Portfolio structure



Asset allocation	%		%
• China equities	35	• Australia equities	4
• Sri Lanka equities	11	• Philippines equities	3
• Japan equities	9	• North America equities	2
• Hong Kong equities	8	• Gold investments	6
• Asia Pacific ex Japan funds	6	• Cash	11
• Singapore equities	5		



Currency allocation	%		%
• Hong Kong dollar	31	• Australian dollar	9
• Sterling	34	• Singapore dollar	5
• Sri Lanka rupee	11	• Other	3
• US dollar	7		

10 largest of 70 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.4	Guotai Junan	2.5
China Mobile	3.4	Shenzhen Investment	2.2
China Overseas Land & Investments	3.1	John Keells	2.2
PICC Property & Casualty	2.7	Bank of China	2.1
Swire Pacific	2.5	HNA Infrastructure	2.1

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 £336.7m

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	0.73	1.00
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 30 September 2016, assets managed by the Ruffer Group exceeded £20.1bn, of which over £11.1bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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