

CF Ruffer Pacific Fund

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



October 2016 Issue 156

During the month, the fund rose by 2.1% compared to a 5.9% increase in the MSCI Asia Pacific Index, adjusted for sterling.

We have had a low weighting in Thailand for some time. The revered late monarch, King Bhumibol Adulyadej, who passed away this month, has long been a force for stability, but in the past decade, the desperate political divide between the metropolitan elite (the 'yellow shirts') and the less affluent rural North and Northeast (the 'red shirts') has nonetheless become more and more pronounced, expressing itself in frequent changes in government and open political unrest. This has undoubtedly deterred investment and caused the economy to perform well below its potential. We believe that the military coup in May 2014 was largely to ensure that there would be stability (and, effectively, 'yellow shirt' control) during the period following the death of the king and the new succession, and so far, it almost seems to be business-as-usual, outside the entertainment trade. We expect the country to remain reasonably stable during the period of national mourning, but it remains to be seen how this will play out over the longer term. The military government has committed to elections by the end of 2017, but the populist 'red shirt' parties have won every election for the past fifteen years. The new constitution will limit the power of any party in the next government, and an unelected Senate will oversee it, but will this be enough, in the absence of the unifying presence of the late king, to keep a lid on festering political discontent, let alone solve the underlying problems?

We doubt it, and this is a great shame because Thailand has tremendous resources, not least its location at the heart of a populous geographic region sometimes referred to as the Greater Mekong Sub-region or Delta. As well as Thailand, this comprises Cambodia, Myanmar, Laos, Vietnam, and Yunnan and Guangxi provinces in China, all low income and undeveloped, but with annual real GDP growth rates in the 6-8% range over the past three years, compared to around 2% for Thailand. We would like to get more exposure to this high-growth region (currently around 4%), and despite the political problems in Thailand, there is opportunity in these neighbouring countries for certain Thai companies.

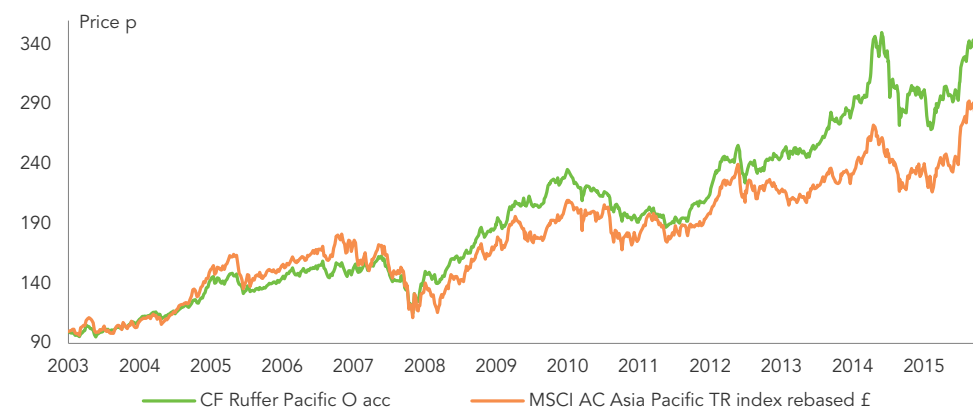
While this may not seem particularly relevant to the portfolio today, about 70% of the fund's equity investments currently are Asian (or Australian) businesses selling goods or services solely to other Asian businesses or consumers (the rest being accounted for by 'protective' investments, such as gold stocks or other funds, plus Japanese exporters and a handful of regionally based global brands). We believe a key long term growth driver for Asia is to continue its shift away from its dependence on trade with the West (which has anyway slowed dramatically since the heady days before the global financial crisis), and to look instead for trade and investment within the region. The actions of the new president of the Philippines, Rodrigo Duterte, to move closer to China and away from its traditional ally, the US, have made global headlines, but Duterte's reward so far has been US\$24bn in investment deals (mainly infrastructure) and loan promises, which – assuming they materialise – dwarf the US\$6bn in total FDI received in 2015, itself a multi-decade high. In many ways, it makes sense.

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.

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



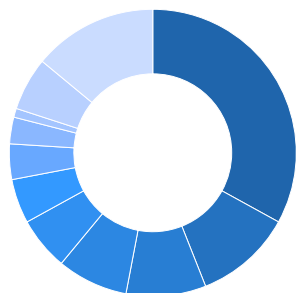
Performance %	October 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	2.1	16.9	17.0	44.0	78.6	153.7
Percentage growth (O acc)						
30 Sep 2015 – 30 Sep 2016	22.3					
30 Sep 2014 – 30 Sep 2015	2.6					
30 Sep 2013 – 30 Sep 2014	17.6					
30 Sep 2012 – 30 Sep 2013	14.1					
30 Sep 2011 – 30 Sep 2012	4.6					
			Share price as at 31 October 2016		p	
			O accumulation		353.16	
			C accumulation		357.99	

Source: Ruffer LLP

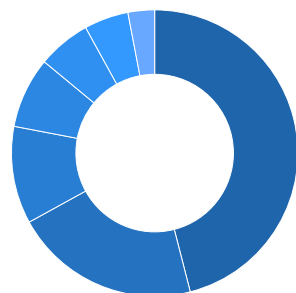
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

CF Ruffer Pacific Fund as at 31 October 2016

Portfolio structure



Asset allocation	%		%
• China equities	33	• Philippines equities	4
• Sri Lanka equities	11	• Australia equities	3
• Japan equities	9	• North America equities	1
• Hong Kong equities	8	• Gold investments	6
• Asia Pacific ex Japan funds	6	• Cash	14
• Singapore equities	5		



Currency allocation	%		%
• Sterling	46	• US dollar	6
• Hong Kong dollar	21	• Singapore dollar	5
• Sri Lanka rupee	11	• Other	3
• Australian dollar	8		

10 largest of 68 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.1	Swire Pacific	2.5
China Mobile	3.3	John Keells	2.2
China Overseas Land & Investments	2.9	Bank of China	2.1
PICC Property & Casualty	2.7	HNA Infrastructure	2.1
Guotai Junan	2.6	Shenzhen Investment	2.1

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 £345.6m

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	0.72	0.98
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 October 2016, assets managed by the Ruffer Group exceeded £20.4bn, of which over £11.4bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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