

CF Ruffer Pacific Fund

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



November 2016 Issue 157

During the month, the fund declined by 2.1% compared to a 4.5% fall in the MSCI Asia Pacific Index, adjusted for sterling.

November 9 may be remembered by many investors as the day they woke up to an unexpected Trump election victory, but investors in India had quite different news to digest: Rs500 and Rs1,000 notes (86% of currency in circulation) were no longer legal tender and needed to be exchanged at a bank. This was probably never going to be a painless adjustment, but there were insufficient new notes – or even old Rs100 notes – at the banks, and ATMs were unable to handle the new notes, leaving people queuing for hours, or even days, just to get cash for daily living expenses. About four times more cash has been deposited than has been withdrawn so far.

While this move is directed at cleaning up the black economy and corruption, cash is used in around 90% of transactions. Only around 2-3% of Indians pay income tax, in most cases not because they are corrupt, but because they earn so little and do not have formal employment. Only 10-15% of the population habitually uses electronic payments. The short term impact has been economic chaos – trucks abandoned, supplies of perishable goods collapsing, and steep drops in sales of consumer goods. This will have a major impact on consumption in the short term, and it may take a lot longer for business to return to normal. There could be a sharp pick-up in inflation. Longer term, what will be the consequences? More people will be forced to pay tax, and it's a small step on the way to a digitised cashless society, although there's a long way to go. It might create a preference for holding assets outside the government's control, such as dollars or gold (Indian gold imports jumped 108% year on year in October – did someone know what was coming?), while those who have lost their savings will need to build those up again, in the absence of a social security safety net.

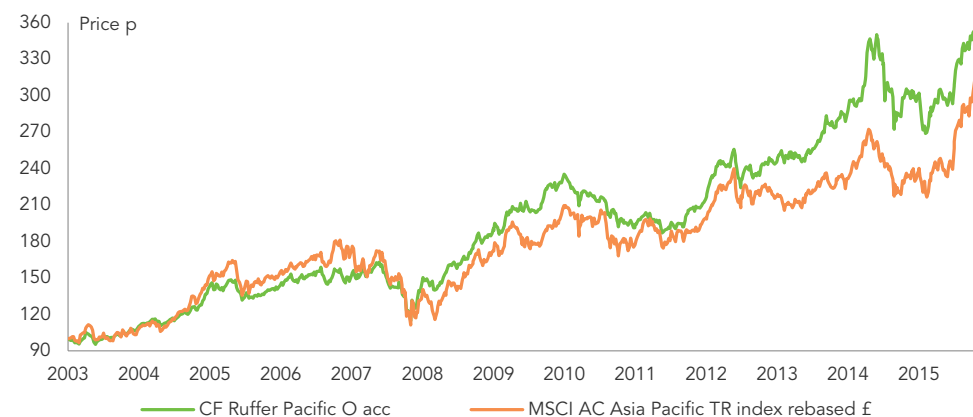
Troublingly, underlying economic growth already appeared to be much weaker than the published GDP numbers, even pre-demonetisation, and seems to be mainly driven by public infrastructure spend. No one would argue that it isn't needed, but in India's supply constrained economy, this is likely to be inflationary.

And how has did the market react to all this? At the time of writing, it has corrected by a paltry 4.3%. This does make it the worst performing Asian market last month, since most of the others – after a sharp drop on 9 November – joined in the post US election rally, but we think India still stands out as being expensive, compared to the others in the region. A brief word on Trump: it is far too early to say what his policies will end up being, with respect to Asia. Our hope (and clearly the market's) is that much of the campaign rhetoric was just 'noise', but if it proves otherwise, there will be some volatility.

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 %	November 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-2.1	14.4	15.8	39.8	76.7	145.0
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.

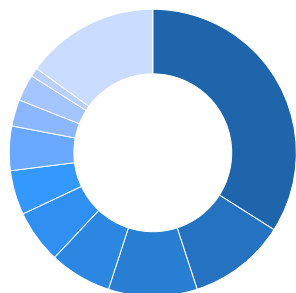
Share price as at 30 November 2016 p

O accumulation 345.77

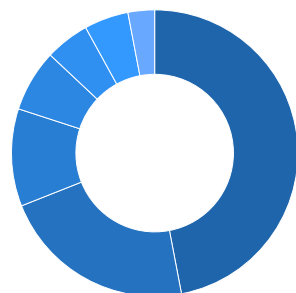
C accumulation 350.59

CF Ruffer Pacific Fund as at 30 November 2016

Portfolio structure



Asset allocation	%		%
• China equities	34	• Singapore equities	5
• Sri Lanka equities	11	• Philippines equities	3
• Japan equities	10	• Australia equities	3
• Hong Kong equities	7	• North America equities	1
• Asia Pacific ex Japan funds	6	• Cash	15
• Gold investments	5		



Currency allocation	%		%
• Sterling	47	• US dollar	5
• Hong Kong dollar	22	• Singapore dollar	5
• Sri Lanka rupee	11	• Other	3
• Australian dollar	7		

10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.4	Swire Pacific	2.4
China Mobile	3.2	John Keells	2.2
PICC Property & Casualty	2.8	Bank Of China	2.2
China Overseas Land & Investments	2.7	HNA Infrastructure	2.1
Guotai Junan	2.7	China Life Insurance	2.1

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 £337.4m

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 30 November 2016, assets managed by the Ruffer Group exceeded £20.3bn, of which over £11.2bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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