

CF Ruffer Pacific Fund

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



December 2016 Issue 158

During the month, the fund fell by 3.4% compared to a 0.8% increase in the MSCI Asia Pacific Index, adjusted for sterling.

In December, we visited companies in Singapore and Indonesia. We have very little exposure to Singapore at the moment – three of our five Singapore listed holdings are companies whose main business activities are elsewhere. Singapore’s property market is under pressure due to either oversupply, or purchase restrictions, offshore marine is not a great business to be in right now, trade is sluggish, the banks are struggling in a low-interest rate, low growth environment. In short, it has been quite difficult to get excited about it, and much easier to find opportunities elsewhere in the region. In 2016, that has been the right call, and it is not obvious at this point that 2017 is going to be a great deal better. On this trip, we went to see a number of companies, generally with their main business elsewhere in Asia. This type of company is often over-looked by local investors and brokers, and as a result is often on much lower valuations than similar companies listed on their home market. Our ‘Singapore’ weighting is likely to increase, but not our underlying Singapore exposure.

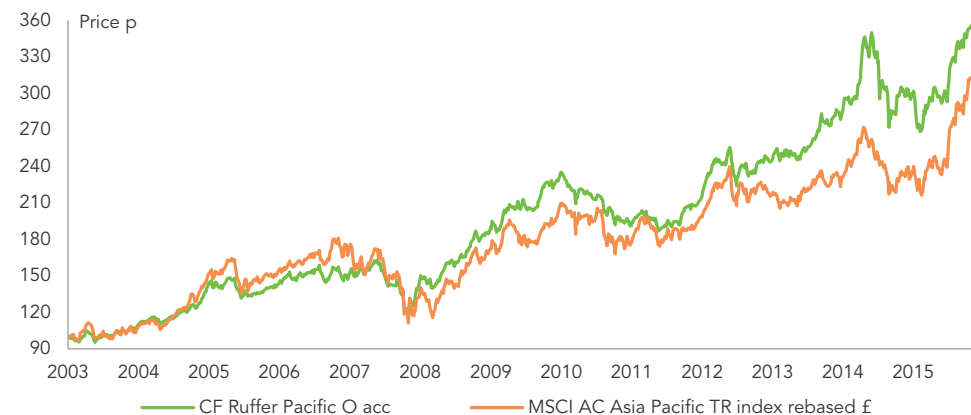
We also went to Indonesia, where our current holding is zero. Indonesia has a lot of promise as an emerging Asian economy, with its large, low-wage population, but it has failed to make much headway due to a combination of corruption, poor infrastructure, protectionism, excessive red tape and sometimes just plain mismanagement. How, for example, can the national airline of a country lose its European air-safety certification, as happened in 2007? The post-GFC commodity boom was an unexpected gift to the country, but when that began to fizzle out, GDP growth slowed down, non-performing loans picked up and the currency began to weaken. The economy is still growing by about 5% a year in real terms, so it is not a complete disaster, and the potential is still there. We learnt for example, that (having regained its European air-safety certification), Indonesia is offering free visas for Chinese tourists, has established direct flights to a number of Chinese cities, and there is planned expansion at various airports, including a third terminal at Jakarta and a runway extension at Labuan Bajo (the ‘new’ Bali).

The Jokowi government was greeted with a wave of enthusiasm, but political risks appear to be rising again. If this results in a sell-off in the market, we have identified some companies in the consumer space that look attractive on a long term basis. The Indonesian market has performed well in 2016, but it is worth noting that in US dollar terms, it peaked in May 2013, and currency is a key risk.

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 %	December 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-3.4	10.6	10.6	35.4	72.0	131.8
Percentage growth (O acc)		%				
31 Dec 2015 – 31 Dec 2016		10.6				
31 Dec 2014 – 31 Dec 2015		4.9				
31 Dec 2013 – 31 Dec 2014		16.7				
31 Dec 2012 – 31 Dec 2013		13.8				
31 Dec 2011 – 31 Dec 2012		11.7				

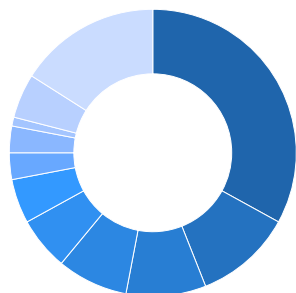
Source: Ruffer LLP

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.

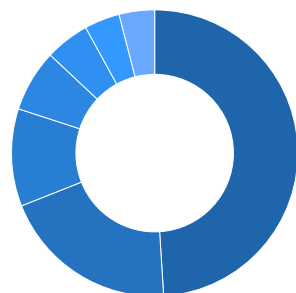
The fund’s prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 30 December 2016

Portfolio structure



Asset allocation	%		%
• China equities	33	• Philippines equities	3
• Sri Lanka equities	11	• Australia equities	3
• Japan equities	9	• North America equities	1
• Hong Kong equities	8	• Gold investments	5
• Asia Pacific ex Japan funds	6	• Cash	16
• Singapore equities	5		



Currency allocation	%		%
• Sterling	49	• US dollar	5
• Hong Kong dollar	20	• Singapore dollar	4
• Sri Lanka rupee	11	• Other	4
• Australian dollar	7		

10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.8	John Keells	2.2
China Mobile	3.2	Bank of China	2.2
PICC Property & Casualty	2.7	Guotai Junan	2.2
China Overseas Land & Investments	2.6	Shenzhen Investment	2.0
Swire Pacific	2.4	HNA Infrastructure	2.0

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 £326.4m

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	0.75	1.03
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 December 2016, assets managed by the Ruffer Group exceeded £20.6bn, of which over £11.4bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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