

CF Ruffer Pacific Fund

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



June 2017 Issue 164

During the month, the fund rose by 0.6% compared to a 2.8% increase in the FTSE Asia Pacific Index total return, adjusted for sterling.

We went on a trip to Japan in June. The fund has about 10% of its assets in Japanese stocks, selected mainly because they will benefit in some way from yen weakness and/or their exposure to markets outside Japan and/or their technology. Most companies we saw were experiencing faster sales growth outside Japan, although we did see one purely domestic industrial waste management company, which, apart from the occasional cyclical slowdown, has been growing continuously and was expecting to see good growth ahead of the 2020 Tokyo Olympics. This is not a sector we have had much exposure to in the past, but if this is a good business to be in in Japan, we could not help thinking how much opportunity there could be in China.

During a visit earlier this year to Zibo, a notoriously polluted industrial city in Shandong province, we were intrigued to find that virtually all the city's 600 tile factories had been shut, due to their failure to meet environmental standards. The regulations had been in place for many years, but factory owners had cheerfully ignored them, and no-one had done anything about it. This year, for whatever reason, the local government decided that it was time to enforce the rules, and factories would not be allowed to operate until they could show that they complied with the standards. At one factory we visited, seemingly the entire workforce had been redeployed to get the factory in order: painting walls, repairing uneven floors, putting protective covers on dangerous machinery, pinning up health and safety notices, even planting flowers, and – most importantly – switching the energy supply from filthy coal gas to a cleaner source of fuel. The owner told us this was going to cost him a great deal of money, and it was not difficult to see what a strong vested interest there would have been from the city's largest taxpayers to resist this move.

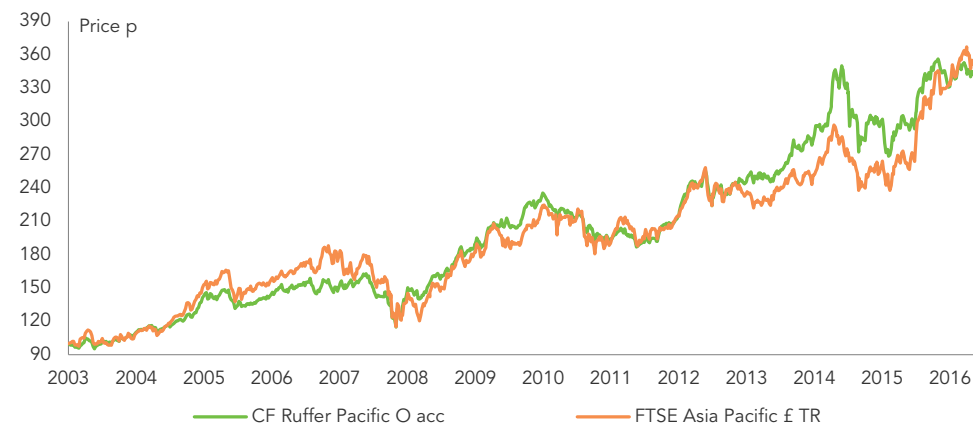
We also heard at a recent company meeting that, this year, the authorities in Guangdong province have started fining and imprisoning people for violating the rules on waste disposal, something this company had never witnessed before. These two anecdotal examples are backed up by plenty of other stories, and by rhetoric and action from the government. Chinese coal-fired power plants, for example, will progressively have to meet the most stringent emissions standards in the developed world. It would appear China is finally becoming very serious about cleaning up its environment and there is a great deal of cleaning up to do. Soil, air, water, municipal waste – these could provide work for decades, and it looks as if there is some opportunity in this for investors. First of all, the companies doing the cleaning seem to be making a decent return, although it must be noted there are some accounting issues around this sector. Secondly, even some of the polluters are being incentivised to clean up. The power sector is working at around 50% capacity utilisation, but the cleanest power stations will receive a higher tariff, and get preferential access to the grid. The CF Ruffer Pacific Fund has begun to build up a position in this sector.

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



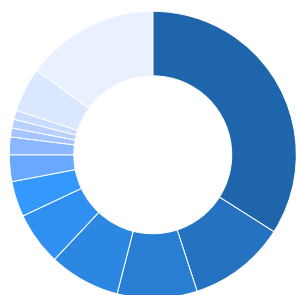
Performance %	June 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.6	5.2	13.9	37.5	81.4	129.4	
Percentage growth (O acc)	%		Share price as at 30 June 2017				p
30 Jun 2016 – 30 Jun 2017	13.9		O accumulation				351.54
30 Jun 2015 – 30 Jun 2016	-5.0		C accumulation				357.06
30 Jun 2014 – 30 Jun 2015	27.1		C income				101.52
30 Jun 2013 – 30 Jun 2014	11.0						
30 Jun 2012 – 30 Jun 2013	18.9						

Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the MSCI AC Asia Pacific to the FTSE Asia Pacific Index as Ruffer adopts FTSE as a data provider for all funds.

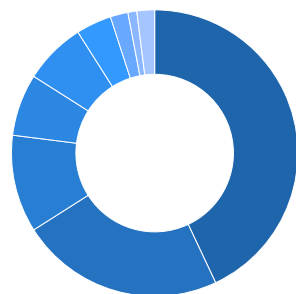
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Pacific Fund as at 30 June 2017

Portfolio structure



Asset allocation	%	%	
China equities	34	Indonesian equities	2
Sri Lanka equities	11	Philippines equities	1
Japan equities	9	North America equities	1
Hong Kong equities	8	Thailand equities	1
Asia Pacific ex Japan funds	6	Gold investments	5
Singapore equities	4	Cash	15
Australia equities	3		



Currency allocation	%	%	
Sterling	43	US dollar	4
Hong Kong dollar	23	Philippines peso	2
Sri Lanka rupee	11	Yen	1
Australian dollar	7	Other	2
Singapore dollar	7		

10 largest of 70 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.8	Anta Sports Products	2.7
China Mobile	2.9	Softbank	2.7
China Overseas Land & Investments	2.9	PICC Property & Casualty	2.4
Industrial & Commercial Bank of China	2.8	John Keells	2.2
Longfor Properties	2.7	Beijing Capital Land	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 £376.7m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.25
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	1.09	0.97
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	
	O class	C class
ISIN	GB0034035328 (acc)	GB00B8BZHC05 (acc) GB00B7GW0G44 (inc)
SEDOL	3403532 (acc)	B8BZHC0 (acc) B7GW0G4 (inc)
Investment adviser	Ruffer LLP	
Sub advisor	Ruffer (Asia) Limited	
ACD	Capita Financial Managers Limited	
Depository	BNY Mellon Trust & Depository (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

* Refers to accumulation shares

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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 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

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