

CF Ruffer Pacific Fund

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



July 2017 Issue 165

During the month, the fund rose by 2.0% compared to a 2.0% increase in the FTSE Asia Pacific Index total return, adjusted for sterling.

Japan is only a small part of the CF Ruffer Pacific Fund, with a current weighting of 10%, but we view it as a critical source of ideas and information for the portfolio, for three main reasons. First of all, we think it is important to understand and monitor regional rivalry and politics, particularly between Japan and China, which, for historic reasons, still have an uncomfortable and at times prickly relationship. Japan has been the key US ally in Asia, and while the US has been both the dominant force in the region and the region's de facto policeman and peace-keeper, the Japanese have not had to worry too much about their neighbour. However, now that China is flexing its political and economic muscle, US dominance is being challenged, and we believe that the relationship between Japan and China has deteriorated. It is not beyond all possibility that this could one day develop into something more serious; but in the shorter term, there is at least one obvious benefit, which is the competition for influence in the region, most tangibly in the form of aid and infrastructure investment. This could prove spectacularly helpful for some of the less developed Asian economies, in which highways, bridges, railway lines and ports were never going to happen otherwise. It is still a challenge to find investments which will really benefit from this, but we are always looking!

Secondly, Japan is still a very good benchmark against which to measure improvements in Chinese technology (happening fast, albeit still a long way to go in certain areas, such as semiconductors, and certain machinery and components), as well as how competitive China still is (we think it probably still has a 20-30% cost advantage over the developed economies). Our favoured Japanese investments are companies which are producing high end, technologically-advanced goods in which they have a very high global market share, and in which the Chinese are not yet able to compete. On our recent visit to Japan, we also saw a number of consumer goods companies or brands which are seeing rapid increases in sales to China (and usually very limited growth in their domestic market). Consumer goods are clearly a more difficult marketplace, since quality and technical standards for consumer goods are generally somewhat lower than those for a critical machine component, but Chinese consumers are more interested in – and willing to pay for – quality and design these days. At the moment, the only investments we have in this area are a medical devices company, and a Hong Kong listed company which has formed a joint venture to sell Japanese branded sportswear, particularly winter wear, ahead of the Beijing Winter Olympics.

Thirdly, there is currency to consider. Japan and China are the regional problem children when it comes to debt. Japan has extremely high debt to GDP, and consistently produces fiscal deficits. China's debt burden is far lower, but arguably of worse quality. Both the yen and the renminbi having the potential for a sharp devaluation, which could impact the other's competitiveness, as well as their relative economic standing. It could also cause chaos if it happened too quickly. At the moment, the renminbi is fairly stable, and we do not see a steep move in the yen in the immediate future, but our Japanese investments favour companies that benefit from a weaker currency, and will tend to perform best in that environment.

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



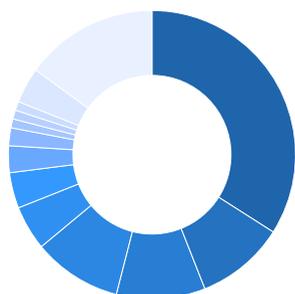
Performance %	July 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	2.0	7.3	9.0	36.4	85.4	129.4	
Percentage growth (O acc)	%		Share price as at 31 July 2017				p
30 Jun 2016 – 30 Jun 2017	13.9		O accumulation				358.43
30 Jun 2015 – 30 Jun 2016	-5.0		C accumulation				364.14
30 Jun 2014 – 30 Jun 2015	27.1		C income				103.54
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.

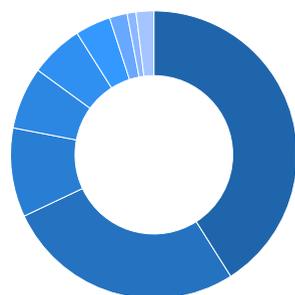
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Pacific Fund as at 31 July 2017

Portfolio structure



Asset allocation	%		%
China equities	34	Indonesia equities	2
Sri Lanka equities	10	Philippines equities	1
Hong Kong equities	10	North America equities	1
Japan equities	10	Thailand equities	1
Asia Pacific ex Japan funds	5	Gold investments	4
Singapore equities	4	Cash	15
Australia equities	3		



Currency allocation	%		%
Sterling	41	US dollar	4
Hong Kong dollar	27	Philippines peso	2
Sri Lanka rupee	10	Yen	1
Australian dollar	7	Other	2
Singapore dollar	6		

10 largest of 66 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.5	Anta Sports Products	2.7
China Overseas Land & Investments	3.2	PICC Property & Casualty	2.6
Longfor Properties	3.0	Softbank	2.5
China Mobile	2.8	John Keells	2.1
Industrial & Commercial Bank of China	2.7	China Life Insurance	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 £389.0m

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	1.07	0.95
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 31 July 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.5bn was managed in open-ended Ruffer funds.

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