

# CF Ruffer Pacific Fund

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



October 2017 Issue 168

During the month, the fund rose by 3.4% compared to a 5.3% increase in the FTSE Asia Pacific Index total return, adjusted for sterling.

This month we went to Thailand and Vietnam. Thailand had an extended consumption boom lasting more than a decade between 2003 and 2014, which was in part supported by rapid credit growth and rising household debt levels. Slowing GDP growth, weak commodity prices and tightening lending standards brought an end to the boom and the period between 2015 and 2017 saw falling credit growth, rising non-performing loans and weak consumption growth. The slowdown was exacerbated by political unrest, the coup, and most recently the death of King Bhumibol Adulyadej in October 2016 and the subsequent twelve month mourning period which dampened consumer sentiment.

Longer term, politics remains a potential problem area. There seems to be an insurmountable divide between the political and economic aspirations of metropolitan, establishment Bangkok and the rural areas, particularly the North and Northeast of Thailand. Despite the more populist parties representing the latter winning every election since 2001, somehow the establishment has always got its way, most recently ousting Prime Minister Yingluck Shinawatra in a coup, and then charging her with corruption related to a rice subsidy scheme her government had introduced. On the day the verdict was due to be announced, Ms Shinawatra did not appear in court, and a few days later it emerged that she had fled the country. We find it hard to believe that this was done without the authorities at least turning a blind eye, and perhaps they had an incentive to see her in exile with her brother, former Prime Minister Thaksin Shinawatra, rather than martyred in a Bangkok prison. There are expected to be elections in November 2018, and although the Pheu Thai party has lost its popular leader, and the military government is exercising a tight rein, there still has to be a chance that it will win again. This is likely to spark another cycle of unrest; this time, without the calming influence of the revered late king to prevent things spinning out of control. But this is still some way off.

In the meantime, while the environment in Thailand remains morose, recovering commodity prices, strong export growth in what is one of Asia's most open economies, and the end of the mourning period suggest the country is primed for a rebound in consumption. Banks which are awash with capital, interest rates at historic lows and still affordable housing also support a recovery scenario.

The fund has only had a couple of holdings in Thailand over the past few years, as we were concerned about political unrest and the weak economic environment. While valuations remain a sticking point for the Thai market as a whole, there does now appear to be scope for an earnings-driven rally as the economy picks up. We added two new positions during the month, and we remain on the lookout for other potential beneficiaries of a consumer-led rebound.

A quick word on Vietnam, where old fashioned Asian mercantilism is still alive and kicking: the market has performed very well since we made our initial investment in the market (via a fund), with the economy continuing to boom, driven in part by massive inflows of Foreign Direct Investment ('FDI'), as low-end manufacturing shifts from China.

## 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 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	3.4	11.2	5.2	33.2	81.3	135.9	
Percentage growth (O acc)	%		Share price as at 31 October 2017				
30 Sep 2016 – 30 Sep 2017	3.8		O accumulation				371.51
30 Sep 2015 – 30 Sep 2016	22.3		C accumulation				377.71
30 Sep 2014 – 30 Sep 2015	2.6		C income				106.21
30 Sep 2013 – 30 Sep 2014	17.6						
30 Sep 2012 – 30 Sep 2013	14.1						

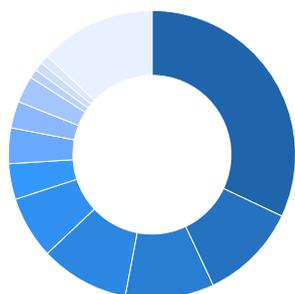
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the MSCI AC Asia Pacific to the FTSE Asia Pacific Index as Ruffer adopts FTSE as a data provider for all funds.

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://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.

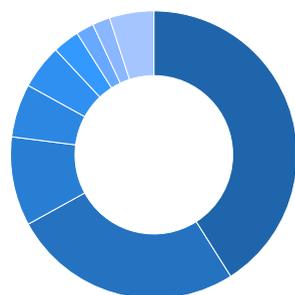
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Pacific Fund as at 31 October 2017

## Portfolio structure



Asset allocation	%		%
• China equities	32	• Singapore equities	3
• Japan equities	11	• Australia equities	3
• Sri Lanka equities	10	• Indonesian equities	1
• Hong Kong equities	10	• Philippines equities	1
• Asia Pacific ex Japan funds	7	• North America equities	1
• Gold investments	4	• Cash	13
• Thailand equities	4		



Currency allocation	%		%
• Sterling	41	• US dollar	3
• Hong Kong dollar	26	• Philippines peso	2
• Sri Lanka rupee	10	• Yen	2
• Australian dollar	6	• Other	5
• Singapore dollar	5		

## 10 largest of 69 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.3	PICC Property & Casualty	2.6
Industrial & Commercial Bank of China	3.0	Anta Sports Products	2.5
Softbank	2.9	China Mobile	2.5
China Overseas Land & Investments	2.9	China Life Insurance	2.0
Longfor Properties	2.6	Nipro	1.9

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 £406.2m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.29
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.62	0.92
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 October 2017, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.2bn was managed in open-ended Ruffer funds.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

## Dealing line

0345 601 9610

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