

# CF Ruffer Pacific Fund

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



November 2017 Issue 169

During the month, the fund fell by 1.5% compared to a 0.3% fall in the FTSE Asia Pacific Index total return, adjusted for sterling.

It has been to the detriment of the portfolio that we have not had a position in India over the past few years. The Indian market continues to confound our expectations, but it reminds us of how we viewed China, until a few years ago, when it was a market which everyone loved: over-blown, over-hyped and over-valued. We still believe that if the government carries on with its aggressive modernising agenda, the current cycle may well end in an inflationary/current account blow-out, and after that, it will be the right time to invest.

It is of course positive that the government has identified so many areas where India needs to catch up, and many of its proposals are sensible on paper. However we don't believe that it is going to be possible to implement such far-reaching changes, as a quick fix – not to mention the cost of it. With fiscal, trade and current account deficits, and a relatively low savings rate, paying for all these investments is going to cause a strain, and unlike China, India does not have the advantage of a low cost, competitive manufacturing base. India's exports have been strong this year, but this has been mainly due to exports of oil and commodities. Manufactured goods exports have remained weak. India is also a big importer of oil and commodities, but non-oil imports have been growing much faster than exports, and the trade deficit has widened by 58% year on year between April and October 2017. The current account deficit has started to widen as well, equivalent to 2.4% of fiscal GDP in Q1. Strong foreign direct investment and portfolio inflows (up six times year on year) have prevented it from deteriorating further, but if these should slow down, or turn into withdrawals, this could cause a problem. It is true that there is plenty of surplus capacity in the country, but one has to wonder about the quality of that capacity: Indian Railways is still making train carriages using 1960s technology. It is going to upgrade to a newer technology, but there has been underinvestment in infrastructure and technology for decades.

Digitisation will help and progress here seems to be happening fast. Aadhar, the unique digital identity programme introduced by the last government, now has just under 1.2 billion users. The prime minister claims that this has helped save US\$10 billion in subsidies over the past year, largely by eliminating fraudulent claims. It will make it harder for people to operate in the black economy and avoid taxes, and easier for users to sign up for financial services. Since it was introduced, there have been 305 million no-frills bank accounts opened. There are now 400-450 million internet users, expected to reach 650 million by 2020, and 300 million smartphones. India has the advantage, like China did, of not having much of a legacy infrastructure in many areas, and if the internet can bring income, goods and services to the previously excluded, that is a good thing.

## 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 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.5	9.5	5.8	27.9	75.6	150.6
Percentage growth (O acc)	%		Share price as at 30 November 2017		p	
30 Sep 2016 – 30 Sep 2017	3.8		O accumulation		365.79	
30 Sep 2015 – 30 Sep 2016	22.3		C accumulation		372.00	
30 Sep 2014 – 30 Sep 2015	2.6		C income		104.60	
30 Sep 2013 – 30 Sep 2014	17.6					
30 Sep 2012 – 30 Sep 2013	14.1					

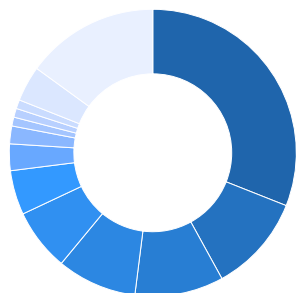
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the MSCI AC Asia Pacific to the FTSE Asia Pacific Index as Ruffer adopts FTSE as a data provider for all funds.

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.

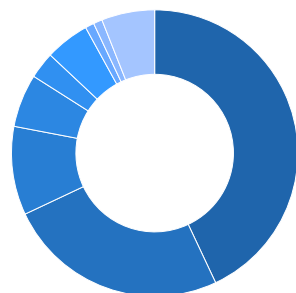
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Pacific Fund as at 30 November 2017

## Portfolio structure



Asset allocation	%		%
China equities	31	Australia equities	2
Japan equities	11	Indonesian equities	1
Hong Kong equities	10	Philippines equities	1
Sri Lanka equities	9	North America equities	1
Asia Pacific ex Japan funds	7	Gold investments	4
Thailand equities	5	Cash	15
Singapore equities	3		



Currency allocation	%		%
Sterling	43	Singapore dollar	5
Hong Kong dollar	25	Philippines peso	1
Sri Lanka rupee	10	Yen	1
Australian dollar	6	Other	6
US dollar	3		

## 10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.4	Anta Sports Products	2.5
Industrial & Commercial Bank of China	2.8	PICC Property & Casualty	2.4
Softbank	2.8	China Mobile	2.4
China Overseas Land & Investments	2.8	Vinacapital Vietnam	2.0
Longfor Properties	2.6	China Life Insurance	2.0

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 £407.6m

## 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	0.63	0.94
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 November 2017, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.3bn was managed in open-ended Ruffer funds.

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