

# LF Ruffer Pacific Fund

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



December 2017 Issue 170

During the month, the fund rose by 0.4% compared to a rise of 2.4% in the FTSE Asia Pacific TR Index, adjusted for sterling.

Our caution about markets has been unnecessary in the last month of the year, with yet another strong monthly performance from most Asian indices, albeit slightly more skewed towards financials and property than at other times, when most of the performance came from internet stocks. Nonetheless, we still have a faint sense of déjà vu about markets. A Tencent subsidiary, China Literature, had its Hong Kong initial public offering (IPO) in November. This issue was 625 oversubscribed, attracting subscriptions of US\$67bn, equivalent to a third of Hong Kong's monetary base, with apparently one in twenty in the population applying for shares. Investors who received shares were rewarded, with the issue rising by over 80% on the first day of trading, but whether those gains will be sustained is another matter – the shares are trading on 86x estimated 2018 earnings, and 20x sales. Perhaps we are missing the point here, but this is an online reading business. Although there is some intellectual property value in all the literature it controls, we thought reading books, online or not, was going out of fashion. Notwithstanding that, IPO frenzy happens in Hong Kong every few years and it normally suggests that the market is getting overheated. Our favourite historical market frenzy indicator involved a company which (if we remember correctly) claimed as two of its businesses the Rolls-Royce franchise for Outer Mongolia, and a super-computer centre in Ulan Bator, the business prospects of which were, believe it or not, viewed as optimistically at the time as anything internet-related is today.

This is not to say that we are suddenly negative on the outlook for China, quite the contrary, but a strong economy and the likelihood of higher interest rates is not always good news for stockmarket valuations. We therefore continue to favour 'value' stocks, albeit our 'value' stocks are generally also seeing growth, even if it is coming from waste-to-energy, financial services, property or emerging markets, rather than the segments currently associated with growth. The property stocks have mainly had a very good 2017, but some of these other companies have underperformed the market and therefore been a huge opportunity cost for the fund in 2017.

## Investment objective

The investment objective of LF 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 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.4	9.9	9.9	27.5	69.2	139.8	
Percentage growth (O acc)	%		Share price as at 29 December 2017				p
31 Dec 2016 – 31 Dec 2017	9.9		O accumulation				367.15
31 Dec 2015 – 31 Dec 2016	10.6		C accumulation				373.47
31 Dec 2014 – 31 Dec 2015	4.9		C income				105.01
31 Dec 2013 – 31 Dec 2014	16.7						
31 Dec 2012 – 31 Dec 2013	13.8						

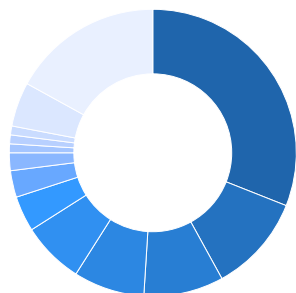
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the MSCI AC Asia Pacific to the FTSE Asia Pacific Index as Ruffer adopts FTSE as a data provider for all funds.

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 LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

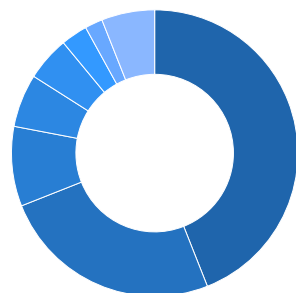
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Pacific Fund as at 29 December 2017

## Portfolio structure



Asset allocation	%		%
China equities	31	Australia equities	2
Japan equities	11	Indonesian equities	1
Hong Kong equities	9	Philippines equities	1
Sri Lanka equities	8	North America equities	1
Asia Pacific ex Japan funds	7	Gold investments	5
Thailand equities	4	Cash	17
Singapore equities	3		



Currency allocation	%		%
Sterling	44	Singapore dollar	5
Hong Kong dollar	25	US dollar	3
Sri Lanka rupee	9	Philippines peso	2
Australian dollar	6	Other	6

## 10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.6	Anta Sports Products	2.4
Industrial & Commercial Bank of China	2.8	PICC Property & Casualty	2.4
China Overseas Land & Investments	2.7	China Mobile	2.4
Longfor Properties	2.6	Vinacapital Vietnam	2.0
Softbank	2.5	Dragon Capital Group Vietnam Enterprise	1.9

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 £421.4m

## 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	0.93
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	Link Fund Solutions Limited	
Depository	The Bank of New York Mellon (International) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of LF 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 LF 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 2017, assets managed by the Ruffer Group exceeded £22.8bn, of which over £14.0bn was managed in open-ended Ruffer funds.

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