

# LF Ruffer Pacific Fund

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



During the month, the fund rose by 1.7% compared to the FTSE Asia Pacific Total Return Index which rose 3.2% adjusted for sterling.

During the month, Chinasoft, one of the fund's best performers in Q1, gave back a significant portion of its gains as it was caught up in the crossfire from the escalating US/China trade spat and US efforts to stymie the Chinese technology sector. The reactivation of an Iran sanction violation denial order on ZTE that bars the company from importing critical components from the US sparked fears of similar moves against Huawei, which accounts for approximately 55% of Chinasoft's revenues. A week later, those fears were realized after news emerged that Huawei is also being investigated for violating Iran sanctions, which, unlike ZTE, the company denies.

The broader sector continued to trade down through the month on intensifying actions by the Trump administration to target Chinese investments in emerging technologies such as autonomous vehicles, artificial intelligence, and 5G wireless services amidst a broader race between the two nations for high-tech supremacy. Although we expect Beijing to respond in kind and protect its prized tech giants, both sides have a lot to lose if they close trade. Apple, for example, made 20% of its sales in China, Taiwan, and Hong Kong last year. China is also a critical market for Qualcomm, accounting for 65% of its revenue last year. As negative headlines continue, a delegation of US officials arrived in China at the end of the month for talks aimed at defusing tensions.

Longer term, Trump's tariffs are unlikely to disrupt China's industrial development and its shift towards high-tech industries like renewable energy, robotics, and information technology, where we continue to look for exposure. With its enormous domestic market, it will be many years before China's exports will need to compete with the United States in global markets.

While markets were generally steady in April, there has been an increasing amount of dispersion in the performance of Asian markets, with a number of countries succumbing to fairly textbook emerging market jitters. Indonesia has been the worst impacted, selling off sharply over the month, and the Philippines is also under strain. While the issues facing the two markets are not entirely the same, both are struggling with pressures on their central banks to balance domestic growth agendas at the same time as maintaining price stability in the face of rising US rates. In the short term both have chosen to run accommodative monetary policy despite rising inflation, falling exchange rates and capital flight, but are coming under increasing pressure. While the temptation is to view these countries as 'canaries in the coalmine' for broader challenges across emerging markets, for the time being we continue to feel that much of Asia remains capable of weathering tempered US rate increases and see risk remaining centred on dollar dependant countries with less independent central banks. We continue to have very low weightings in both Indonesia and the Philippines.

## 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 %	April 2018	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	1.7	1.0	8.3	9.8	52.9	131.9	
Percentage growth (O acc)	%		Share price as at 30 April 2018				p
31 Mar 2017 – 31 Mar 2018	6.5		O accumulation				370.96
31 Mar 2016 – 31 Mar 2017	15.9		C accumulation				377.72
31 Mar 2015 – 31 Mar 2016	-5.6		C income				106.21
31 Mar 2014 – 31 Mar 2015	25.2						
31 Mar 2013 – 31 Mar 2014	2.6						

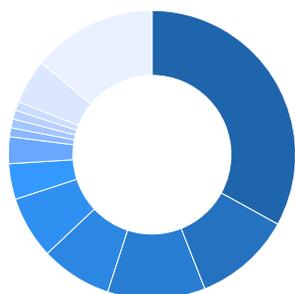
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the MSCI AC Asia Pacific to the FTSE Asia Pacific Index as Ruffer adopts FTSE as a data provider for all funds.

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.

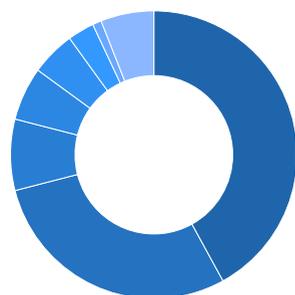
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Pacific Fund as at 30 April 2018

## Portfolio structure



Asset allocation	%	%	
China equities	33	Indonesian equities	1
Japan equities	11	Philippines equities	1
Hong Kong equities	11	North America equities	1
Sri Lanka equities	8	Australia equities	1
Asia Pacific ex Japan funds	7	Gold investments	5
Thailand equities	4	Cash	14
Singapore equities	3		



Currency allocation	%	%	
Sterling	42	Singapore dollar	5
Hong Kong dollar	29	US dollar	3
Sri Lanka rupee	8	Philippines peso	1
Australian dollar	6	Other	6

## 10 largest of 68 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.3	Softbank	2.5
Longfor Properties	3.3	Swire Pacific	2.5
Industrial & Commercial Bank of China	3.2	Li Ning	2.3
Anta Sports Products	3.1	PICC Property & Casualty	2.3
China Overseas Land & Investments	2.9	China Mobile	2.3

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 £404.0m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.58	1.28
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.63	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	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

† © FTSE 2018. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors.

Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## 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 30 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn 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

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.  
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2018