

# LF Ruffer Pacific Fund

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



During the month, the fund declined by 3.9%. This compares to a 3.3% decrease in the FTSE Asia Pacific Total Return Index in dollar terms and a fall of 2.5% on a comparable, sterling adjusted basis. Hong Kong, which is the largest market in Asia outside China, as well as the fund's largest geographic allocation, fell by 5% in local currency, which dragged down performance. The Shanghai Composite Index fell by 8% in June, bringing total losses for the year to 18%.

We think the main factors behind China's market performance are driven by the intensified trade tensions with the US, some weaker than expected economic numbers, and the government's continued quest to curb lending. While the trade negotiations with the US seem to have taken a turn for the worse, we have very limited direct exposure to companies which export there. Nonetheless, one of our holdings, Chinasoft, has been indirectly impacted by the sanctions imposed on ZTE, the Chinese telecommunications company. Chinasoft is a major customer of Huawei, and the market was concerned that Huawei might be next in the line of fire. As for lending, growth in shadow bank loans has shrunk from 16.5% year-on-year in mid-2017 to just 2.8% in the most recent release and irrespective of its short-term impact on the stock market, we are inclined to take a positive view of measures to clean up lending in China.

President Trump makes a fair point when he argues that China has not shown much respect for intellectual property in the past, but our impression is that it is now developing plenty of intellectual property of its own. We visited companies in a number of Chinese cities throughout June and came away impressed with the pace of the technological change and innovation which is happening – even a white goods manufacturer told us they were spending more on R&D now than fixed assets, as they develop internet connected, 'smart' products. Chinese companies seem to be embracing the opportunities offered by artificial intelligence and the 'Internet of Things' (IoT), whether it is washing machines, drones, internet-connected cars, or digital video surveillance, which has started making the shift from hardware to a broad range of applications for use in commerce, education, healthcare, manufacturing, property management and traffic control, as well as security.

This is the last monthly review for the LF Ruffer Pacific Fund, which will become the LF Ruffer Pacific & Emerging Markets Fund, from next month. We see this change as evolutionary, rather than revolutionary, and the fund will continue to retain a strong Asian bias. Asia accounts for around 70-75% of the emerging market indices and as a result the fund will not be confining itself to 'emerging' Asia. There is no change to our investment philosophy or strategy, other than a broader geographic remit. We will be looking for companies operating in a satisfactory, or improving, macro environment, with good management, sound balance sheets, and positive prospects, at a reasonable valuation. We see no shortage of opportunities, even after ten years of quantitative easing, which has fuelled equity market strength.

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.

## 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



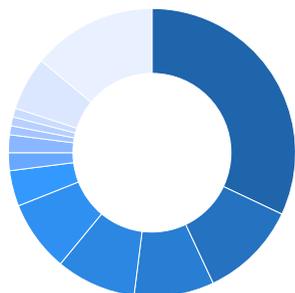
Performance %	June 2018	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-3.9	-3.3	1.0	9.2	54.0	138.1	
Percentage growth (O acc)	%		Share price as at 29 June 2018				p
30 Jun 2017 – 30 Jun 2018	1.0		O accumulation				354.90
30 Jun 2016 – 30 Jun 2017	13.9		C accumulation				361.55
30 Jun 2015 – 30 Jun 2016	-5.0		C income				101.66
30 Jun 2014 – 30 Jun 2015	27.1						
30 Jun 2013 – 30 Jun 2014	11.0						

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.

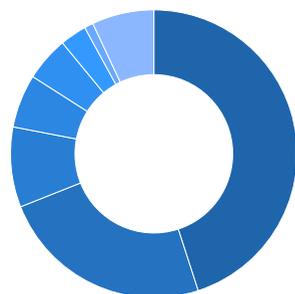
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Pacific Fund as at 29 June 2018

## Portfolio structure



Asset allocation	%		%
• China equities	32	• Indonesian equities	2
• Hong Kong equities	11	• North America equities	1
• Sri Lanka equities	9	• Philippines equities	1
• Asia Pacific ex Japan funds	9	• Australia equities	1
• Japan equities	8	• Gold investments	6
• Thailand equities	4	• Cash	14
• Singapore equities	2		



Currency allocation	%		%
• Sterling	45	• Singapore dollar	5
• Hong Kong dollar	24	• US dollar	3
• Sri Lanka rupee	9	• Philippines peso	1
• Australian dollar	6	• Other	7

## 10 largest of 65 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	4.8	Softbank	2.7
Longfor Properties	3.3	Li Ning	2.6
China Overseas Land & Investments	3.2	Anta Sports Products	2.5
Industrial & Commercial Bank of China	3.1	China Mobile	2.4
Swire Pacific	3.0	PICC Property & Casualty	2.4

Source: Ruffer LLP

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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 £369.5m

## 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	0.65	0.96
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	Ernst & Young	
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 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

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