

LF Ruffer Pacific & Emerging Markets

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

During the quarter, the fund rose by 0.8% compared to a 2.3% rise in the FTSE All World Asia Pacific ex Japan Index and a 2.5% rise in the FTSE Emerging Index, both adjusted for sterling.

While the quarter ended on a positive note, there was significant intra-quarter volatility in the major Pacific and emerging market indices. Markets sold off sharply in May on the worsening of the China/US trade dispute and also on concerns around global growth, but then recouped losses in June as signals of monetary easing in the US buoyed sentiment. The fund is less exposed to the more fragile economies, including Turkey, the Philippines and Indonesia, which gain most from lower US rates, and as a result underperformed the indices over the quarter.

We made a visit to Beijing and Shanghai in May to gauge local sentiment towards the trade dispute, and came away with the impression that China very much wanted a trade deal, was prepared to acquiesce to most of the US terms, and indeed, had already taken steps to address many of the issues raised by the US – but not at the cost of complete humiliation. There was concern that the dispute was not just about the US deficit, but a challenge to China's growing economic power and its very different political system, and that the US was not playing fairly, in particular with the attack on Huawei. Huawei is perceived in China as a poster child for a successful, high tech, entrepreneurial private business, a far cry from the nefarious state-controlled puppet portrayed in the Western press.

The fund has almost no direct exposure to companies which are affected by tariffs, with most of our Chinese holdings in financials, property and consumption. We maintained our high weighting in China, but it was nonetheless a painful first two months of the quarter. One consequence of the trade war that we can already see is that manufacturers will look to diversify their supply chains, irrespective of how the current discussions turn out. We have raised exposure to sectors which stand to benefit from this.

Sri Lanka has remained a long-standing overweight position in the fund, given growth prospects which mirror those of its South Asian neighbours, but without the high valuations. The tragic events in April along with continued lack of political dynamism have kept economic activity muted and the markets under pressure. But our visit during the quarter highlighted still healthy underlying corporate fundamentals, an economy which is primed for a strong recovery should economic policy improve, and a populace eager for change. There will be elections by year end, and this could prove a catalyst. Valuations are at historically low levels and are increasingly supported by attractive yields.

Outside of Asia, our visits with Mexican companies highlighted the uncertainty that continues to pervade the business community. That uncertainty has weighed on growth and local market performance and driven multiples lower, but we believe local angst is overdone – particularly when one considers the efficacy of the government's response to the surprise June US tariff announcement. We continue to feel that there are a number of secular drivers of the economy, including the manufacturing and tourism industries and have positioned the fund around those market segments.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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.



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Investment objective

The investment objective of LF Ruffer Pacific & Emerging Markets Fund is to achieve consistent positive returns (net of fees) over a five-year rolling period. The fund will aim to achieve the investment objective by investing in an actively managed portfolio comprising of at least 70% in equities and equity related securities of companies listed, quoted or traded in the Asia Pacific region or Emerging Market countries. The fund will retain an Asia Pacific bias. Under normal circumstances, non-Asian emerging markets will account for not less than 10% and not more than 35% of the fund's investments.

Performance since launch on 31 December 2003



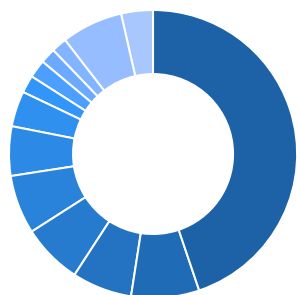
Performance %		Q2	Year to date	1 year	3 years	5 years	10 years
O accumulation shares		0.8	9.6	2.2	17.5	41.8	125.9
Percentage growth (O acc)		%		Share price as at 28 June 2019			
30 Jun 2018 – 30 Jun 2019		2.2		O accumulation			
30 Jun 2017 – 30 Jun 2018		1.0		C accumulation			
30 Jun 2016 – 30 Jun 2017		13.9		C income			
30 Jun 2015 – 30 Jun 2016		-5.0					
30 Jun 2014 – 30 Jun 2015		27.1					

Source: Ruffer LLP, FTSE International (FTSE)†. In July 2018, the LF Ruffer Pacific Fund (RPF) changed its name to the LF Ruffer Pacific & Emerging Markets Fund (RPE) and the investment objective was amended accordingly. Statistics, including performance, for any period prior to 6 July 2018 reflect that of RPF.

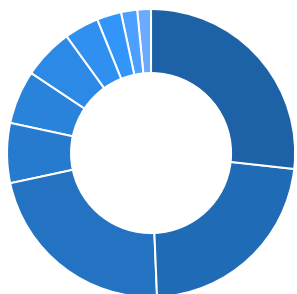
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Pacific & Emerging Markets as at 28 Jun 2019

Portfolio structure



Asset allocation	%		%
• Hong Kong and China	44.8	• Brazil equities	2.0
• Thailand equities	7.7	• Singapore equities	2.0
• Asia Pacific ex Japan	6.8	• Australia equities	1.9
• Sri Lanka equities	6.7	• Indonesian equities	1.6
• Mexico equities	6.6	• Other	7.0
• Japan equities	5.5	• Cash	3.5
• Gold investments	4.0		



Currency allocation	%		%
• Sterling	26.8	• Singapore dollar	2.6
• Hong Kong dollar	22.5	• Australian dollar	1.9
• Sri Lanka rupee	6.7	• Philippines peso	1.6
• US dollar	6.2	• Other	22.3
• Yen	5.5		
• Gold	4.0		

10 largest of 81 equity holdings

Stock	% of fund	Stock	% of fund
Li Ning	3.3	Industrial & Commercial Bank of China	2.6
Swire Pacific	3.2	Anta Sports Products	2.4
China Overseas Land & Investments	3.2	China Mobile	2.4
Softbank	3.1	Vinacapital Vietnam	2.3
Longfor Properties	2.9	Zhuzhou CRRC Times Electric	2.3

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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 **£442.2m**

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	0.57	0.89
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month	
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month	
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 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 May 2019, assets managed by the Ruffer Group exceeded £20.6bn.

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