

# LF Ruffer Pacific & Emerging Markets

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



March 2020 Issue 187

During the quarter, the fund fell by 18.0% compared to a 16.1% fall in the FTSE All World Asia Pacific ex Japan Index and a 19.3% fall in the FTSE Emerging Index, both adjusted for sterling.

The year started well, despite a backdrop of political turmoil in some markets. However, towards the end of January, news started emerging of a new virus in Wuhan. With the entire province of Hubei under lockdown by Chinese New Year, we began to worry not only about the potential spread of the virus in China and other parts of Asia, (given widespread Chinese tourism in the region), but the potential economic consequences. We believed that a number of countries simply did not have the ability to test, while the healthcare system would struggle to cope. We thought this might happen in, say, Cambodia or Indonesia, but were as surprised as anyone when clusters of infection appeared in Iran and then Italy. Thus, we did not anticipate that this would trigger such steep falls in the US and Europe. Indeed, these happened just at the point when the outlook in Asia was starting to look a little better, and markets in our universe were still orderly.

Regrettably, despite our concerns, we did not put in place any put protection, but we started to raise cash, reducing exposure to travel and tourism or supply chain risk. At the time of writing, our 17% cash position is the highest it has been for years, and we have 5.4% in gold equities, which we also consider protective. As inevitably happens when the US market has a savage sell-off, there has been a stampede to safety, and Asia and emerging markets have been hit hard as well. Currencies have taken a beating, especially emerging market currencies we are unable to hedge. We have minimal positions in most of the worst performing markets. These are Brazil, which as we write is down 47% in sterling terms since the start of the year, Thailand, Indonesia, India, Australia, the Philippines and Chile.

We will retain the overweight in China. The government is clearly committed to getting the economy moving again, no matter what the cost. We do not think this strategy will necessarily be that successful, or without risk, but businesses will receive some support, such as tax breaks or moratoria on debt repayments. Our primary reason for investing in a company has always been that we believe it can weather difficult periods, but the business can grow over a cycle, due to competitive advantages, innovative products, good management or financial strength. We also think Vietnam and Mexico are well positioned, although Mexico will be hurt by a US recession.

The fund's sterling denomination has been problematic since the Brexit vote in 2016. Sterling has been a roller-coaster ever since, and as all the fund's investments are in other currencies, so these moves can and have had a significant impact on our returns. Without a clearer idea as to the form of the UK's future trading relationship with Europe, we have adopted a sort of halfway house, and have hedged approximately half of our dollar exposure.

## 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 %	Q1	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares		-18.0	-18.0	-15.7	-11.4	-3.2	48.3
<b>Percentage growth (O acc)</b>		<b>%</b>	<b>Share price as at 31 March 2020</b>				<b>p</b>
31 Mar 2019 – 31 Mar 2020		-15.7	<b>O accumulation</b>				<b>303.25</b>
31 Mar 2018 – 31 Mar 2019		-1.3	<b>C accumulation</b>				<b>310.57</b>
31 Mar 2017 – 31 Mar 2018		6.5	<b>C income</b>				<b>85.36</b>
31 Mar 2016 – 31 Mar 2017		15.9					
31 Mar 2015 – 31 Mar 2016		-5.6					

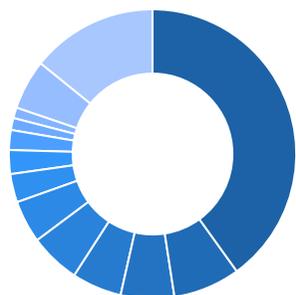
Source: Ruffer LLP, FTSE International (FTSE)†. In July 2018, the LF Ruffer Pacific Fund (RPF) changed its name to the LF Ruffer Pacific & Emerging Markets Fund (RPE) and the investment objective was amended accordingly. Statistics, including performance, for any period prior to 6 July 2018 reflect that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

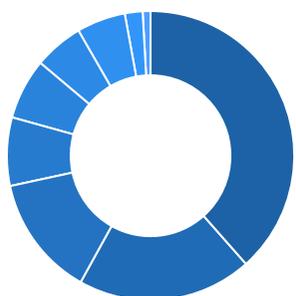
The fund's prospectus and key investor information documents are provided in English and available on request or from ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

# LF Ruffer Pacific & Emerging Markets as at 31 Mar 2020

## Portfolio structure



Asset allocation	%		%
• Hong Kong and China	40.0	• Thailand equities	2.6
• Sri Lanka equities	7.6	• Technology	2.2
• Mexico equities	5.9	• Brazil equities	1.3
• Gold investments	5.6	• Travel & leisure	1.2
• Japan equities	5.6	• Other	5.7
• Asia Pacific ex Japan	4.8	• Cash	14.1
• Singapore equities	3.3		



Currency allocation	%		%
• Sterling	38.5	• Singapore dollar	2.1
• Hong Kong dollar	19.5	• Philippines peso	0.7
• Sri Lanka rupee	7.7	• Australian dollar	0.1
• US dollar	6.8	• Other	13.6
• Yen	5.6		
• Gold	5.4		

## 10 largest of 68 equity holdings

Stock	% of fund	Stock	% of fund
Vinacapital Vietnam	3.2	China Overseas Land & Investments	2.8
Alibaba Group	2.9	Chinasoft International	2.8
China Mobile	2.9	PICC Property & Casualty	2.7
Softbank	2.9	CITIC Securities	2.4
Longfor Properties	2.8	Bank of China	2.3

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

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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 **£306.1m**

## 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	1.17	1.48
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) GB00B7GWOG44 (inc)
SEDOL	3403532 (acc)	B8BZHC0 (acc) B7GWOG4 (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 29 February 2020, assets managed by the Ruffer Group exceeded £19.1bn.

## Dealing line

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