

LF Ruffer Pacific & Emerging Markets

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



September 2020 Issue 189

During the quarter the fund rose by 1.3% compared to a 4.0% rise in the FTSE All World Asia Pacific ex Japan Index and a 3.9% rise in the FTSE Emerging Index, both adjusted for sterling.

The third quarter has seen a significant deterioration in Sino-US relations, too many to include a full list, but notably: the closure of the Chinese Consulate in Houston; sanctions imposed on numerous Chinese firms, including Huawei and SMIC; sanctions on Chinese officials and Hong Kong officials and police and proposed bans on certain Chinese apps. In addition, the US has sent two high-ranking politicians to Taiwan, and China has responded in turn with bellicose rhetoric about taking back control of Taiwan, as well as sending fighter jets into Taiwanese airspace. There was another clash between Chinese and Indian troops on the border with Ladakh. The Chinese A share market has shrugged these off, but stocks in Hong Kong have been affected, with the HSCEI Index falling by 6.5% over the quarter.

We are assuming at this stage that we have moved well on from ‘just’ a trade war to a protracted ideological clash, one which will not be changed by a change of president. Indeed, a Biden presidency might in some way make the situation worse, as it is generally believed that a Biden administration would more actively seek cooperation from other liberal democracies and traditional allies, such as the UK, South Korea, Japan, India, the EU and Australia, many of which have their own concerns about China’s growing economic and military strength. None of this is likely to be very positive for economic growth, in a world which is still struggling to deal with the pandemic. Still, there will be winners and losers: we think supply chain relocation, for example, will be very positive for many countries, notably Vietnam, but with the right incentives, India, Indonesia and the Philippines could also benefit.

Less globalisation will inevitably lead to higher costs. We do not see inflation as an imminent threat, but this year has had an unusually severe combination of drought, floods, pests and animal diseases. There has also been a reduction in migrant workers due to the pandemic, and we see rising food prices as a real possibility. We have therefore bought stakes in one more food producer and two agri-trading companies, during the quarter.

We have also invested in a couple of memory chip producers. In our view, weaker demand, high levels of debt and damaged balance sheets are likely to mean that companies are likely to reduce capital expenditure. The one area that seems relatively secure is spending on tech, whether it is rolling out 5G networks, improving the ‘work from home’ environment, expanding e-commerce, or migrating to the cloud. Although the immediately outlook for India is difficult, we have also added what we believe will be the leading Indian tech company to the portfolio.

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 %	Q3	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.3	-5.3	-1.2	-2.5	23.8	57.0
Percentage growth (O acc)	%		Share price as at 30 September 2020			
30 Sep 2019 – 30 Sep 2020	-1.2		O accumulation			
30 Sep 2018 – 30 Sep 2019	1.8		C accumulation			
30 Sep 2017 – 30 Sep 2018	-3.0		C income			
30 Sep 2016 – 30 Sep 2017	3.8					
30 Sep 2015 – 30 Sep 2016	22.3					

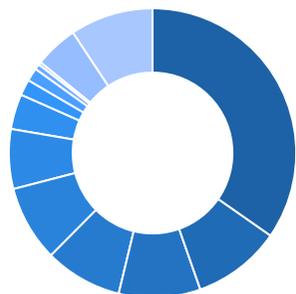
Source: Ruffer LLP, FTSE International (FTSE)†. In July 2018, the LF Ruffer Pacific Fund (RPF) changed its name to the LF Ruffer Pacific & Emerging Markets Fund (RPE) and the investment objective was amended accordingly. Statistics, including performance, for any period prior to 6 July 2018 reflect that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

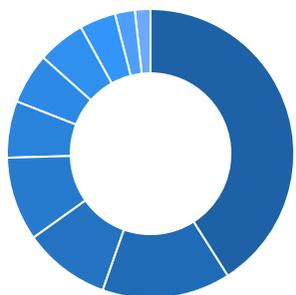
The fund’s prospectus and key investor information documents are provided in English and available on request or from ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

LF Ruffer Pacific & Emerging Markets as at 30 Sep 2020

Portfolio structure



Asset allocation	%		%
• Hong Kong and China	34.7	• Industrial services	1.6
• Sri Lanka equities	9.9	• Thailand equities	1.5
• Gold investments	9.2	• Philippines equities	0.8
• Singapore equities	8.7	• Indonesian equities	0.2
• Asia Pacific ex Japan	8.3	• Other	4.9
• Mexico equities	6.8	• Cash	9.3
• Japan equities	4.0		



Currency allocation	%		%
• Sterling	40.9	• Yen	4.1
• Sri Lanka rupee	9.9	• Australian dollar	2.3
• Gold	9.3	• Philippines peso	1.8
• Singapore dollar	6.4	• Other	14.4
• Hong Kong dollar	5.6		
• US dollar	5.3		

10 largest of 62 equity holdings

Stock	% of fund	Stock	% of fund
Vinacapital Vietnam	4.4	China Life Insurance	2.8
Softbank	4.0	China Mobile	2.6
Alibaba Group	3.8	AngloGold Ashanti	2.5
Longfor Properties	3.1	Dragon Capital Group	2.4
CITIC Securities	3.0	Polymetal International	2.4

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 **£284.5m**

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	0.55	0.87
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 31 August 2020, assets managed by the Ruffer Group exceeded £19.9bn.

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