

# LF Ruffer Pacific & Emerging Markets

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



March 2021 Issue 191

During the quarter, the fund fell by 0.7%, compared to a 1.6% rise in the FTSE All World Asia Pacific ex Japan Index and a 1.4% rise in the FTSE Emerging Index, both adjusted for sterling.

Despite the start of a vaccination programme in many countries, we are also seeing second, third or even fourth waves of covid-19, while borders remain generally closed. Many countries in our regions of coverage have endured the worst recession they have had in decades, and although in many places a decisive rebound in growth is expected in 2021, in some cases, they will not be back to 2019 levels until 2022 or beyond. The economies which have performed best are those with a strong and competitive manufacturing sector and which acted fast to contain the pandemic: indeed, China, Vietnam and Taiwan all achieved positive GDP growth last year. Without exception, all countries have seen a rise in unemployment, and fiscal deficits have also deteriorated, sometimes significantly.

If there is any positive to come out of the covid crisis, the economic shock last year has galvanised businesses. The adoption rate of tech/digitisation/mobile payments has been huge, even in countries which had previously been slow on the uptake. Meanwhile, at the government level, India, Indonesia and the Philippines have all brought in major reforms. In India, there has been unprecedented change at both the state and central government level to improve labour, land, capital and ease of doing business. Covid-19 has highlighted the benefits of a more diversified supply chain, and India has plenty to offer as a domestic market in its own right. By 2024 there will be around 1 billion people in India with the internet, a mobile phone and a bank account, and India has the largest and fastest growing young population in the world.

Indonesia has managed to get something called the ‘Omnibus law’ through parliament, which is a complete bonfire of the red tape that has restricted both private and foreign investment in the past. We attended a virtual ‘conference’ listening to multiple tech companies talk about the progress they have made. The Philippines likewise has brought in the ‘Create bill’, which will cut income tax and allow them to tailor make incentives for FDI. It plans to open up the retail sector and put more emphasis on the private sector.

We have gradually tilted away from the overweight position in Chinese stocks. Companies elsewhere were typically harder hit, but also have the potential now for a much stronger recovery. In addition, China’s 2.3% real GDP growth last year came at a price, a c 25% expansion in the country’s total debt to GDP ratio. The growth was achieved as a result of exports, as factories outside China were forced to close, and the old playbook of heavy industry, property and infrastructure. Consumption remained relatively weak, so we expect that in a more normalised situation, the government will revert to trying to rein in excessive debt.

## 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



O accumulation shares	Performance %	Share price as at 31 March 2021	p
Q1	-0.7	<b>O accumulation</b>	<b>387.06</b>
Year to date	-0.7	<b>C accumulation</b>	<b>397.59</b>
1 year	27.6	<b>C income</b>	<b>108.29</b>
3 years	6.2		
5 years	31.0		
10 years	75.9		

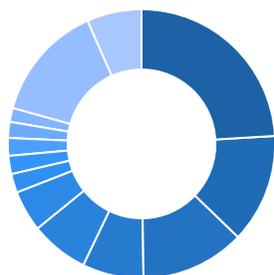
12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer Pacific & Emerging Markets O acc	15.9	6.5	-1.3	-15.7	27.6
FTSE World Asia Pacific ex Japan £ TR	34.6	5.7	1.4	-7.9	38.7
FTSE Emerging Index £	35.6	8.8	1.9	-13.0	40.8

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.

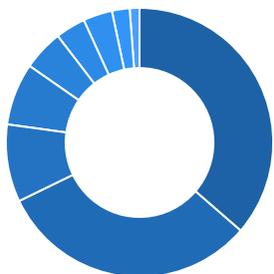
Source: Ruffer LLP, FTSE International (FTSE)†. In July 2018, the LF Ruffer Pacific Fund (RPF) changed its name to the LF Ruffer Pacific & Emerging Markets Fund (RPE) and the investment objective was amended accordingly. Statistics, including performance, for any period prior to 6 July 2018 reflect that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

# LF Ruffer Pacific & Emerging Markets as at 31 Mar 2021

## Portfolio structure



Asset allocation	%		%
• Hong Kong and China	24.1	• Industrial services	2.2
• Asia Pacific ex Japan	13.1	• Philippines equities	2.2
• Singapore equities	12.7	• Thailand equities	1.9
• Sri Lanka equities	7.4	• Brazil equities	1.6
• Mexico equities	7.0	• Other	14.1
• Gold investments	4.9	• Cash	6.6
• Australia equities	2.3		



Currency allocation	%		%
• Sterling	36.4	• Australian dollar	3.5
• Singapore dollar	9.3	• US dollar	2.0
• Sri Lanka rupee	7.4	• Hong Kong dollar	1.3
• Gold	5.0	• Other	31.4
• Philippines peso	3.7		

## 10 largest of 63 equity holdings

Stock	% of fund	Stock	% of fund
Vinacapital Vietnam	5.3	Dragon Capital Group	2.5
Reliance Industries	3.6	Wilmar International	2.5
Swire Pacific	3.5	SK hynix	2.4
Samsung Electronics	2.9	Alibaba Group	2.3
DBS Group	2.6	CITIC Securities	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.

The fund's prospectus and key investor information documents are provided in English and available on request or from [ruffer.co.uk](http://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.

Fund size **£356.9m**

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.29
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.50	0.84
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	O class GB0034035328 (acc)	C class 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 Managers

### 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.



### Rinchen Choegyral

RESEARCH ANALYST

Rinchen Choegyral has a BA in Economics and South Asian Studies from SOAS, and an MSc in nature, society and environmental policy from the University of Oxford. In 2012, he worked at BlackRock in Hong Kong and joined Ruffer's Hong Kong office as a Research Analyst in 2019.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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