

CF Ruffer Pacific Fund

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

During the month, the fund fell by 6.5% compared to a 2.0% fall in the MSCI Asia Pacific Index, adjusted for sterling.

We hardly dare suggest that the Chinese market has finally calmed down, after another month of wild gyrations and heavy volumes, but in the last week or so trading volumes have come down, albeit still nearly double the levels they were in the first quarter of the year, and margin financing levels have been substantially reduced. We applaud the fact that the central bank decided earlier this year not to allow the resumption of day trading (banned since the 1990s) on the grounds that it was too risky, and invited excessive speculation. Meanwhile, the Hang Seng China Enterprise Index was down 14% last month (and down 25% from its May peak), taking the discount on H shares to record levels. There are bargains to be found in this market – the sell-off has not been discriminating.

We went to Sri Lanka this month and the talk was not of a strong and recovering economy, and the unleashing of a long-suppressed consumer, but rather of the tense political situation, and the uncertainty it fostered. It began in November 2014, when Mahinda Rajapaksa – the President of Sri Lanka since 2005, and the leader of the ruling SLFP party – lost a presidential election to Maithripala Sirisena, another member of the SLFP. This result was a shock, causing a realignment of the parliamentary coalitions and bringing the opposition UNP party into power. The economy has been in a mild state of paralysis since January, with business confidence, foreign direct investment, and the currency all falling ahead of a general parliamentary election on 17 August.

Whatever the result of the election, the establishment of a government with a popular mandate is almost all that is required for Sri Lanka to flourish. The differences between the major coalitions focus mainly on personalities rather than economic policy. The investment in infrastructure has been expensive, but the results are impressive: the travel time from Colombo airport to the city centre has halved since the construction of a new airport expressway, and Sri Lanka's first motorway from Colombo to Matara, reduces the travel time by several hours and connects many tourist resorts. Business process outsourcing (BPO) takes the form of tasks that are ordinarily seen as the preserve of the white-collar middle classes in developed economies including legal and accounting outsourcing; it has grown from \$250m a year in 2012 to \$750m in 2014, and looks set to continue.

The banks we met were seeing strong loan growth, particularly in the retail sector, and had well-thought out plans for cost-cutting through centralisation and technology; two of the banks are already making substantial returns through commercial banking in Bangladesh. The market is cheap ahead of the election – virtually every company we met was on a single digit 2016 price to earnings ratio – yet the risk premium ought to be much lower. Investment with patience is likely to be rewarded and we have increased our weighting.

Finally, a small ad: we are thinking of expanding our Asian team. We are looking for a new colleague who is passionate about understanding/analysing businesses and investing.

If you are interested in joining the Asian team (in Hong Kong), please send your CV to researchrecruitment@ruffer.co.uk.

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 CF Ruffer Investment Funds is a UK UCITS. The CF 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 CF 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 %	July 2015	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-6.5	5.5	15.7	57.3	48.4	154.5	
Percentage growth (O acc)							%
30 Jun 2014 – 30 Jun 2015	27.1						
30 Jun 2013 – 30 Jun 2014	11.0						
30 Jun 2012 – 30 Jun 2013	18.9						
30 Jun 2011 – 30 Jun 2012	-9.6						
30 Jun 2010 – 30 Jun 2011	4.0						

Source: Ruffer LLP

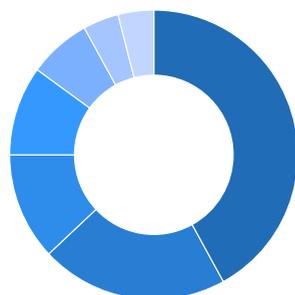
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Pacific Fund as at 31 July 2015

Portfolio structure



Asset allocation	%		%
• Cash	14	• China equities	25
• Gold and gold equities	5	• Hong Kong equities	19
		• Japan equities	12
		• Sri Lanka equities	10
		• Philippines equities	6
		• Singapore equities	4
		• Other equities	5



Currency allocation	%
• Hong Kong dollar	42
• Sterling	21
• US dollar	12
• Sri Lankan rupee	10
• Philippine peso	7
• Singapore dollar	4
• Other	4

10 largest of 76 equity holdings

Stock	% of fund	Stock	% of fund
China Mobile	3.1	Jamco	2.4
PICC Property & Casualty	2.9	China Life Insurance	2.2
Swire Pacific	2.5	Bank Of China	2.1
Anta Sports Products	2.5	Honda Motor	2.0
Evolution Mining	2.4	Silverlake Axis	2.0

Source: Ruffer LLP

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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 £327.4m

Fund information

%	O class	C class
Ongoing Charges Figure	1.60	1.27
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.15	0.40
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	GB00B8BZHC05
SEDOL	3403532	B8BZHC0
Investment adviser	Ruffer LLP	
Sub advisor	Ruffer (Asia) Limited	
ACD	Capita Financial Managers Limited	
Depositary	BNY Mellon Trust & Depositary (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

Enquiries

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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 CF Ruffer Pacific Fund.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2015, assets managed by the Ruffer Group exceeded £18.5bn, of which over £8.9bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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