

# CF Ruffer Pacific Fund

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



November 2015 Issue 145

During the month, the fund fell by 1.0% compared to a 0.7% rise in the MSCI Asia Pacific Index, adjusted for sterling.

Although we don't currently have any investments in India, we still feel it is very important to keep an eye on this major Asian economy. We attended an investor conference there this month, during which we had the opportunity to hear the views of a couple of politicians. Politics is a major consideration for the country right now – there are high hopes that Prime Minister Modi will be able to do what generations of politicians have failed to do: streamline the bureaucracy, make India more attractive as a manufacturing base, deal with the problems surrounding land acquisition and disparate tax regimes between the states, bring in more foreign investment and improve the infrastructure. Our feeling is that he has his work cut out, but it seems pretty clear that the government is not going to allow petty considerations like funding or supply-side constraints to stand in the way of enacting this vision. We heard that one state-run coal company was not only going to open a new (previously unplanned) coal mine every month for the next two years, but it was going to do so on the 25th of every month. To us, this sounds simply terrifying, and if the various initiatives we heard about go ahead as planned, we would expect the country to lurch towards both a fiscal and balance of payments crisis within a couple of years.

At the corporate level, the mood was markedly less upbeat, with most companies seeing much more of a slowdown than the headline GDP numbers would suggest. Consumption and private sector capital investment are sluggish, bad debts are on the increase, and, contradictory though this may appear, the property market is suffering from over-supply, despite the dire structural shortage of housing. Still, if the government investment binge gets under way, the economy will no doubt see a pick-up, and some of the measures may produce lasting benefits, such as a much needed investment in the railways. Where does this leave potential investors? Our feeling is that valuations are still very high, and because foreign institutional investors now own just under half of the free float of the market, it is very vulnerable to any kind of global market dislocation. Therefore for us, it is very much a stock-pickers market.

We have made a new investment in a company in the Chinese IT services sector. The Chinese IT services market is relatively small compared to the size of the economy, at approximately US\$150bn. This is an extremely fragmented market, with no particularly large companies (unlike India), and the top five players have about 10% market share. It is far from clear who the winners will eventually be, but the market is growing rapidly, and as the company says in its annual report, 'our job is to sell shovels in this internet+ gold rush'. What is intriguing is the range of projects in which it is involved. It would appear that the Guizhou provincial government is moving to the cloud, several tobacco companies are building data centres or 'smart' plants, insurance companies are developing third party, mobile and internet payment systems, oil companies are introducing IT to oil logistics and other areas, China Mobile is enhancing its mailbox, and a media company is going digital.

## 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 %	November 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.0	3.7	4.4	43.4	31.7	125.3
Percentage growth (O acc)						
30 Sep 2014 – 30 Sep 2015	2.6					
30 Sep 2013 – 30 Sep 2014	17.6					
30 Sep 2012 – 30 Sep 2013	14.1					
30 Sep 2011 – 30 Sep 2012	4.6					
30 Sep 2010 – 30 Sep 2011	-11.9					

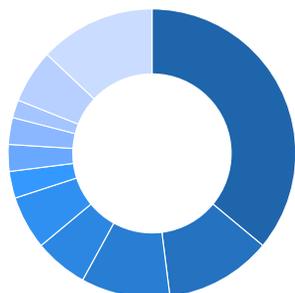
Source: Ruffer LLP

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.

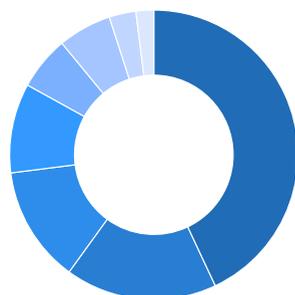
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other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

# CF Ruffer Pacific Fund as at 30 November 2015

## Portfolio structure



Asset allocation	%		%
• China equities	36	• Singapore equities	3
• Japan equities	12	• Australia equities	3
• Sri Lanka equities	10	• Asia Pacific ex Japan funds	2
• Philippines equities	6	• Gold investments	6
• Hong Kong equities	6	• Cash	13
• North America equities	3		



Currency allocation	%		%
• Hong Kong dollar	43	• Australian dollar	6
• Sterling	17	• Philippines peso	6
• US dollar	13	• Singapore dollar	3
• Sri Lanka rupee	10	• Other	2

## 10 largest of 75 equity holdings

Stock	% of fund	Stock	% of fund
PICC Property & Casualty	3.2	Honda Motor	2.2
China Mobile	2.9	China Life Insurance	2.2
Evolution Mining	2.8	HNA Infrastructure	2.2
Swire Pacific	2.3	John Keells	2.0
Jamco	2.2	Bank of China	1.9

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 £318.9m

## 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	0.25	0.55
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	
ISIN	O class GB0034035328	C class 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	

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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 30 November 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.4bn was managed in open-ended Ruffer funds.

## Dealing line

0345 601 9610

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