

CF Ruffer Pacific Fund

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



December 2015 Issue 146

During the month, the fund rose by 1.2% compared to a 2.4% rise in the MSCI Asia Pacific Index, adjusted for sterling.

Although 2015 had its bright moments, at year end, it is hard to avoid (yet again) a feeling of slight gloom as we head into the new year. Illiquidity in the debt market, rising interest rates, tensions in the Middle East and the South China Sea, overvalued stockmarkets, slowing growth in China, anaemic growth in most of the rest of the world – there is not a lot to be cheerful about. As a result, we are expecting another difficult year for investors and accordingly, our investment strategy will continue to be to pay great attention to valuation, and confine our investments to businesses that have the capacity to grow in even the most difficult economic circumstances. In Asia, we would favour sectors such as travel, healthcare, education, food and, in China, financial services, but we're also interested in technological change and the impact that might have on traditional industries (either good or bad).

Car ownership in Hong Kong is expensive. There is no import duty, but there is a first registration tax on private cars of up to 115%. There is also a high annual vehicle license fee. These charges are waived for electric cars, while running costs for electric cars are also substantially lower. The city is setting up an extensive charging infrastructure for electric vehicles, and for the time being, it is mainly free to use. Electric vehicles now account for about 3% of new car registrations in Hong Kong. While high by global standards, this is obviously low in absolute terms, but as more electric cars become available, the charging infrastructure improves, the cars become cheaper, and the technology improves, it is hard to see that this market will do anything but grow – and not just in Hong Kong. We recently met a leading Chinese bus manufacturer, whose fastest growing area is electric buses. Economically, these make perfect sense for bus operators, typically attracting government subsidies and having much lower operating costs. About a year ago, we met a company in China that had started making simple electric cars. Without the need for expensive and complicated engine technology, the company believed it would have substantially lower overheads, development and manufacturing costs than conventional car manufacturers. It knew of at least 50 similar companies in China.

Long term, this is bad news for oil, and it is also bad news for makers of parts for internal combustion engines. If they fail to adapt, it may also be bad news for some of the global auto-makers and may be bad news even if they do since the barriers to entry for making vehicles will be reduced. And there is another challenge for them. We visited some parts companies in Japan this month, and it was apparent that both conventional and electric car makers are focusing on automated driving. Whether it happens in five years or twenty (as a Japanese maker of parts for diesel engines – not one of our investments – forlornly hoped), the automotive market of the future is likely to be one of fewer, cleaner, safer vehicles, and we think there are some investment opportunities here in Asia, as well as some sectors to avoid.

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 %	December 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.2	4.9	4.9	39.3	28.5	110.8
Percentage growth (O acc)		%				
31 Dec 2014 – 31 Dec 2015		4.9				
31 Dec 2013 – 31 Dec 2014		16.7				
31 Dec 2012 – 31 Dec 2013		13.8				
31 Dec 2011 – 31 Dec 2012		11.7				
31 Dec 2010 – 31 Dec 2011		-17.4				

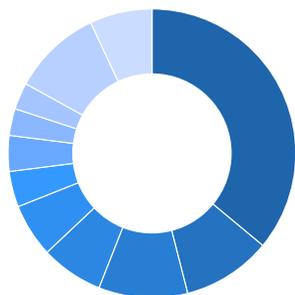
Source: Ruffer LLP

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.

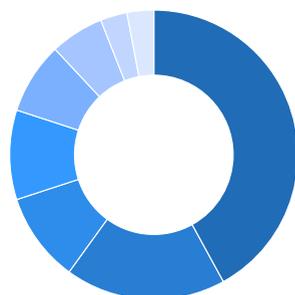
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 31 December 2015

Portfolio structure



Asset allocation	%		%
• China equities	36	• Singapore equities	4
• Sri Lanka equities	10	• Australia equities	3
• Japan equities	10	• Asia Pacific ex Japan funds	3
• Hong Kong equities	7	• Cash	10
• Philippines equities	6	• Gold investments	7
• North America equities	4		



Currency allocation	%		%
• Hong Kong dollar	42	• Australian dollar	8
• Sterling	18	• Philippines peso	6
• US dollar	10	• Singapore dollar	3
• Sri Lanka rupee	10	• Other	3

10 largest of 74 equity holdings

Stock	% of fund	Stock	% of fund
Evolution Mining	3.9	HNA Infrastructure	2.3
PICC Property & Casualty	3.2	China Life Insurance	2.2
China Mobile	3.1	John Keells	2.1
Swire Pacific	2.5	Shenzhen Investment	2.1
Jamco	2.3	DB X-Trackers CSI300 Index ETF	2.1

Source: Ruffer LLP

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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 £299.1m

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	0.54
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 31 December 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.3bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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