

CF Ruffer Pacific Fund

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



November 2017 Issue 169

During the month, the fund fell by 1.5% compared to a 0.3% fall in the FTSE Asia Pacific Index total return, adjusted for sterling.

It has been to the detriment of the portfolio that we have not had a position in India over the past few years. The Indian market continues to confound our expectations, but it reminds us of how we viewed China, until a few years ago, when it was a market which everyone loved: over-blown, over-hyped and over-valued. We still believe that if the government carries on with its aggressive modernising agenda, the current cycle may well end in an inflationary/current account blow-out, and after that, it will be the right time to invest.

It is of course positive that the government has identified so many areas where India needs to catch up, and many of its proposals are sensible on paper. However we don't believe that it is going to be possible to implement such far-reaching changes, as a quick fix – not to mention the cost of it. With fiscal, trade and current account deficits, and a relatively low savings rate, paying for all these investments is going to cause a strain, and unlike China, India does not have the advantage of a low cost, competitive manufacturing base. India's exports have been strong this year, but this has been mainly due to exports of oil and commodities. Manufactured goods exports have remained weak. India is also a big importer of oil and commodities, but non-oil imports have been growing much faster than exports, and the trade deficit has widened by 58% year on year between April and October 2017. The current account deficit has started to widen as well, equivalent to 2.4% of fiscal GDP in Q1. Strong foreign direct investment and portfolio inflows (up six times year on year) have prevented it from deteriorating further, but if these should slow down, or turn into withdrawals, this could cause a problem. It is true that there is plenty of surplus capacity in the country, but one has to wonder about the quality of that capacity: Indian Railways is still making train carriages using 1960s technology. It is going to upgrade to a newer technology, but there has been underinvestment in infrastructure and technology for decades.

Digitisation will help and progress here seems to be happening fast. Aadhar, the unique digital identity programme introduced by the last government, now has just under 1.2 billion users. The prime minister claims that this has helped save US\$10 billion in subsidies over the past year, largely by eliminating fraudulent claims. It will make it harder for people to operate in the black economy and avoid taxes, and easier for users to sign up for financial services. Since it was introduced, there have been 305 million no-frills bank accounts opened. There are now 400-450 million internet users, expected to reach 650 million by 2020, and 300 million smartphones. India has the advantage, like China did, of not having much of a legacy infrastructure in many areas, and if the internet can bring income, goods and services to the previously excluded, that is a good thing.

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 2017 | Year to date | 1 year | 3 years | 5 years | 10 years |
|---------------------------|---------------|--------------|--------|---------|---------|----------|
| O accumulation shares | -1.5 | 9.5 | 5.8 | 27.9 | 75.6 | 150.6 |
| Percentage growth (O acc) | | | | | | |
| 30 Sep 2016 – 30 Sep 2017 | 3.8 | | | | | |
| 30 Sep 2015 – 30 Sep 2016 | 22.3 | | | | | |
| 30 Sep 2014 – 30 Sep 2015 | 2.6 | | | | | |
| 30 Sep 2013 – 30 Sep 2014 | 17.6 | | | | | |
| 30 Sep 2012 – 30 Sep 2013 | 14.1 | | | | | |

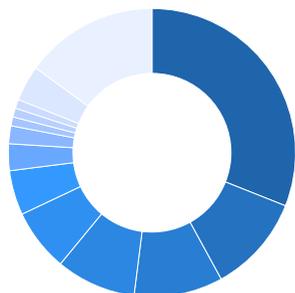
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the MSCI AC Asia Pacific to the FTSE Asia Pacific Index as Ruffer adopts FTSE as a data provider for all funds.

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.

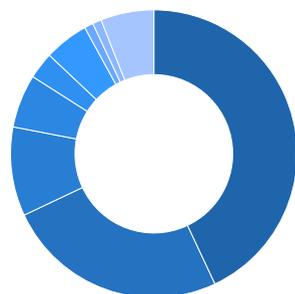
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Pacific Fund is not registered for distribution in any country other than the UK.

CF Ruffer Pacific Fund as at 30 November 2017

Portfolio structure



| Asset allocation | % | | % |
|-----------------------------|----|------------------------|----|
| China equities | 31 | Australia equities | 2 |
| Japan equities | 11 | Indonesian equities | 1 |
| Hong Kong equities | 10 | Philippines equities | 1 |
| Sri Lanka equities | 9 | North America equities | 1 |
| Asia Pacific ex Japan funds | 7 | Gold investments | 4 |
| Thailand equities | 5 | Cash | 15 |
| Singapore equities | 3 | | |



| Currency allocation | % | | % |
|---------------------|----|------------------|---|
| Sterling | 43 | Singapore dollar | 5 |
| Hong Kong dollar | 25 | Philippines peso | 1 |
| Sri Lanka rupee | 10 | Yen | 1 |
| Australian dollar | 6 | Other | 6 |
| US dollar | 3 | | |

10 largest of 67 equity holdings

| Stock | % of fund | Stock | % of fund |
|---------------------------------------|-----------|--------------------------|-----------|
| Evolution Mining | 3.4 | Anta Sports Products | 2.5 |
| Industrial & Commercial Bank of China | 2.8 | PICC Property & Casualty | 2.4 |
| Softbank | 2.8 | China Mobile | 2.4 |
| China Overseas Land & Investments | 2.8 | Vinacapital Vietnam | 2.0 |
| Longfor Properties | 2.6 | China Life Insurance | 2.0 |

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 £407.6m

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 | 0.63 | 0.94 |
| 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 (acc) | GB00B8BZHC05 (acc) GB00B7GW0G44 (inc) |
| SEDOL | 3403532 (acc) | B8BZHC0 (acc) B7GW0G4 (inc) |
| Investment adviser | Ruffer LLP | |
| Sub advisor | Ruffer (Asia) Limited | |
| ACD | Capita Financial Managers Limited | |
| Depository | BNY Mellon Trust & Depository (UK) Limited | |
| Auditors | Grant Thornton UK LLP | |
| Structure | Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs | |

* Refers to accumulation shares

† © FTSE 2017. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors.

Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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 2017, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.3bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

Dealing line

0345 601 9610

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2017