

LF Ruffer Pacific & Emerging Markets

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

During the quarter the fund rose by 11.3% compared to a 12.8% rise in the FTSE All World Asia Pacific ex Japan Index and a 10.9% rise in the FTSE Emerging Index, both adjusted for sterling.

For the full year, the fund rose by 5.5%, which is very disappointing compared to the indices, which were up 20.8% and 11.9% respectively. Part of this is technical: the indices have a far higher weight in the leading regional tech stocks than we would consider prudent, as well as exposure to Chinese A shares, which we cannot access. Conversely, ‘value’ stocks have far lower representation in the indices. We must also own up to a cautious investment stance completely at odds with the buoyant mood of the markets. We believe this has been driven by the creation of vast amounts of liquidity in response to the pandemic, rather than any improvement in fundamentals. Now, even as the slow roll-out of vaccines begins, renewed winter outbreaks have resulted in the imposition of stronger measures, ranging from curfews, states of emergency, school and border closures, and nationwide or regional lockdowns. Despite the negative consequences for economic activity, businesses, employment levels and debt, stock markets have continued to rise as investors look ahead to recovery, now expected to be later in 2021.

One discernible change in the last quarter has been more of an interest in cyclical and value stocks, which have typically lagged far behind the tech stocks which led the charge in 2020. While still cautious, we like this shift. Vaccines will make a difference, and the combination of pent-up demand, a spike in savings, and stimulus measures as governments try to support the economy once the pandemic is under control, mean a strong rebound in growth this year, even if in some cases it remains below 2019 levels. There is even a chance we might finally see some inflation, as higher demand meets disrupted supply.

We have been adjusting the portfolio’s focus throughout the year, taking advantage of the very steep share price falls in many solid companies. We now have less in financials, property and gold, and more in semiconductors, food and beverage, and industrials, particularly in India and ASEAN.

One consequence of the US/China ‘cold war’ and the severe economic cost of the pandemic is that it seems to have pushed countries like Indonesia and the Philippines to introduce some very overdue reforms in tax, investment and labour laws, in order to attract Foreign Direct Investment (FDI). India has been on a reform programme for some years, but it has been cutting red tape and offering incentives to make FDI in India a powerful proposition. India also has the world’s largest, youngest population (a population that is set to grow for the rest of this century), so represents an attractive market in its own right. FDI is not the answer to all ills, but if it helps countries improve their infrastructure, external finances, trade and wage levels, that’s a positive for us.



December 2020 Issue 190

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



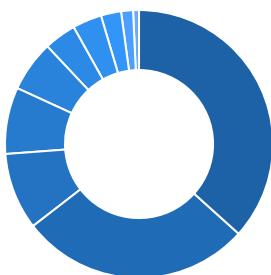
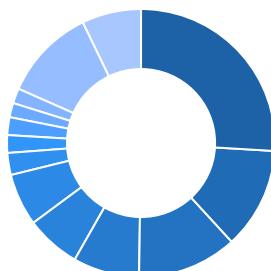
O accumulation shares	Performance %	Share price as at 31 December 2020	p
Q4	11.3	389.84	
Year to date	5.5	400.15	
1 year	5.5	109.05	
3 years	6.2		
5 years	29.0		
10 years	65.8		

12 month performance to December 2020 %	2016	2017	2018	2019	2020
LF Ruffer Pacific & Emerging Markets O acc	10.6	9.9	-9.8	11.7	5.5
FTSE World Asia Pacific ex Japan £ TR	26.8	17.2	-7.2	14.9	14.4
FTSE Emerging Index £	35.4	21.1	-7.6	15.9	11.9

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 Dec 2020

Portfolio structure



10 largest of 65 equity holdings

Stock	% of fund	Stock	% of fund
Vinacapital Vietnam	5.2	DBS Group	2.3
Softbank	2.6	Dragon Capital Group	2.2
Samsung Electronics	2.6	CITIC Securities	2.2
Swire Pacific	2.5	SK hynix	2.2
Alibaba Group	2.4	Reliance Industries	2.1

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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 £370.3m

Fund information

	O class	C class
Ongoing Charges Figure*	1.58	1.28
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.50	0.78
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	
	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 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 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 LF 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 2020, assets managed by the Ruffer Group exceeded £20.3bn.

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