

LF Ruffer Pacific & Emerging Markets

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



June 2021 Issue 192

During the quarter, the fund rose by 2.7%, compared to a 4.7% rise in the FTSE All World Asia Pacific ex Japan Index and a 5.3% rise in the FTSE Emerging Index, both adjusted for sterling.

Towards quarter end, Indonesia saw a large increase of daily new covid-19 cases, hitting a record high of close to 30,000 infections. Thailand and Vietnam have lower infection rates, but face an accelerating spread of the virus. In our other markets, the trend broadly plateaued or abated. India's recent precarious situation subsided without a full repeat of the nationwide lockdown imposed last year, which caused calamitous disruptions to the economy, but we are still saddened by the acute humanitarian toll.

Vaccines are being administered at varying speeds around the region. Cumulative doses administered amount to around 86%, 81%, 41%, 37%, 23% of the population in Singapore, China, Hong Kong, Korea, and India, respectively, and less than 5% in Vietnam. We are now evaluating the near-term risks in Vietnam – one of our best performing investments last quarter – where we have long held a constructive view on export competitiveness and domestic consumption growth, and believe valuation levels to be undemanding.

Underlying economic momentum is being driven by strong external recovery that is supportive of export demand, and goods exports account for 24% and 22% of Asia ex-Japan and Latin American GDP, respectively. Hence, the latest GDP prints of many manufacturer economies has been positive. Putting these numbers alongside US import and retail trade growth suggests there is a degree of inventory restocking, so we do expect a return to a more level of growth in the coming quarters.

Indicators of the domestic recovery in China remain strong, but are easing compared to the previous period, whereas India's domestic recovery stalled in May. This was especially noticeable in passenger vehicle and two-wheeler sales, whilst power demand and capital goods imports dipped only slightly below pre-covid levels, signalling more of a temporary disruption. A similar pattern is forming in other parts of South East Asia experiencing continued covid-19 related impacts to business. The lesson from India is the market can tolerate episodic increases in infections. Our investments are focused on companies with resilient balance sheets and business models that can weather the impact of such disruptions.

So far, we have not seen the rebound in commodity prices translate into broad-based consumer inflation. This suggests continued policy normalisation in emerging markets does not have to be disruptive and the structural tailwind for these markets remains intact. This is contingent on the US Federal Reserve maintaining an accommodative stance. Our geographic exposure has tilted away from China which, following another fiscal deluge in 2020, has re-focused on deleveraging to reduce its high debt levels. Unfavourable policy moves against tech companies, ongoing geopolitical fissures, and a rapidly ageing population also pose considerable headwinds.

This fund will close to new subscriptions on 28 July 2021, prior to being wound up.

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.

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



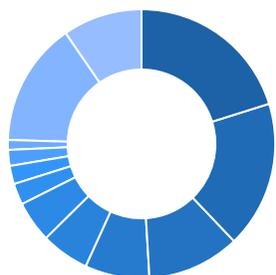
O accumulation shares	Performance %	Share price as at 30 June 2021	p
Q2	2.7	O accumulation	397.33
Year to date	1.9	C accumulation	408.44
1 year	14.9	C income	111.24
3 years	12.0		
5 years	28.7		
10 years	85.4		

12 month performance to June %	2017	2018	2019	2020	2021
LF Ruffer Pacific & Emerging Markets O acc	13.9	1.0	2.2	-4.7	14.9
FTSE World Asia Pacific ex Japan £ TR	25.9	7.4	2.8	2.9	21.9
FTSE Emerging Index £	24.1	5.9	8.3	-0.4	24.5

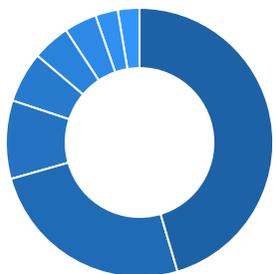
Source: Ruffer LLP, FTSE International (FTSE)†. In July 2018, the LF Ruffer Pacific Fund (RPF) changed its name to the LF Ruffer Pacific & Emerging Markets Fund (RPE) and the investment objective was amended accordingly. Statistics, including performance, for any period prior to 6 July 2018 reflect that of RPF.

LF Ruffer Pacific & Emerging Markets as at 30 Jun 2021

Portfolio structure



Asset allocation	%		%
• Hong Kong and China	20.2	• Thailand equities	2.0
• Asia Pacific ex Japan	17.6	• Australia equities	1.9
• Singapore equities	11.3	• Indonesian equities	1.2
• Mexico equities	7.6	• Other	15.1
• Sri Lanka equities	5.9	• Cash	9.5
• Gold investments	5.0		
• Philippines equities	2.6		



Currency allocation	%		%
• Sterling	47.9	• Australian dollar	3.0
• Singapore dollar	9.9	• US dollar	-2.7
• Sri Lanka rupee	6.4	• Other	26.5
• Gold	5.0		
• Philippines peso	4.0		

10 largest of 52 equity holdings

Stock	% of fund	Stock	% of fund
Vinacapital Vietnam	6.4	Dragon Capital Group	3.2
Reliance Industries	4.9	Hindustan Petroleum	3.0
Samsung Electronics	4.3	Wilmar International	2.9
SK hynix	3.7	DBS Group	2.9
Swire Pacific	3.4	China Life Insurance	2.6

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 **£336.7m**

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	0.49	0.81
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	
ISIN	O class GB0034035328 (acc)	C class 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

† © FTSE 2021. '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 Managers

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.



Rinchen Choegyral

RESEARCH ANALYST

Rinchen Choegyral has a BA in Economics and South Asian Studies from SOAS, and an MSc in nature, society and environmental policy from the University of Oxford. In 2012, he worked at BlackRock in Hong Kong and joined Ruffer's Hong Kong office as a Research Analyst in 2019.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 May 2021, assets managed by the Ruffer Group exceeded **£22.9bn**.

Dealing line

0345 601 9610

Enquiries

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

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2021