



CF RUFFER PACIFIC FUND

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

JANUARY 2010

ISSUE 75

Share price as at 31 Jan 2010

'O' accumulation shares

186.02p

Launch price as at 3 Dec 2003

100.00p

Percentage growth

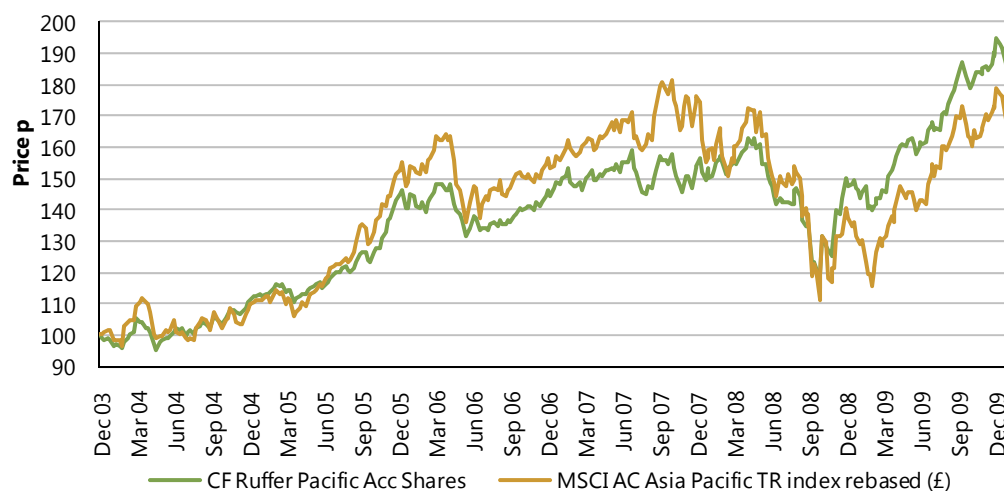
31 Dec 2008 – 31 Dec 2009	25.7%
31 Dec 2007 – 31 Dec 2008	-1.8%
31 Dec 2006 – 31 Dec 2007	6.2%
31 Dec 2005 – 31 Dec 2006	0.6%
31 Dec 2004 – 31 Dec 2005	29.3%

Source: Ruffer LLP

Investment objective

The investment objective of the CF Ruffer Pacific Fund is to deliver consistent positive returns by investing in a diversified portfolio of predominantly Asia Pacific securities. The Fund will invest in collective investment schemes, cash, money market instruments, as well as in debt and equity securities, with the proportion of the Fund invested in each asset class varying over time in line with changes in the Investment Manager's views about their relative attraction and subject to the limitations on investments contained in the prospectus.

Performance since inception



Source: Ruffer LLP

Monthly review

Over the month, the Ruffer Pacific Fund fell by 1.5%, compared to a 2.2% fall in the MSCI Asia Pacific Index, adjusted for sterling.

It comes as something of a relief to us to see that the Chinese authorities have started 2010 with a clear intent to prevent the economy from getting completely out of hand. By 'out of hand' we mean items like the following: December iron ore imports were up by 80% year on year, to the second highest level on record (and December is not traditionally a strong month for this). Electricity consumption was up 25% year-on-year in December. China's car sales rose by 46% year-on-year in 2009. We do not see any of these things as a sign of the economy's health. China's car stimulus package was a multiple of the US car stimulus package, for a start, and healthy economies do not need such things. Furthermore, there is disturbing anecdotal evidence that car sales are not quite what they seem – there is a rising disconnect between petrol consumption and the car population, for example, and there are stories of car parks full of brand-new unused cars.

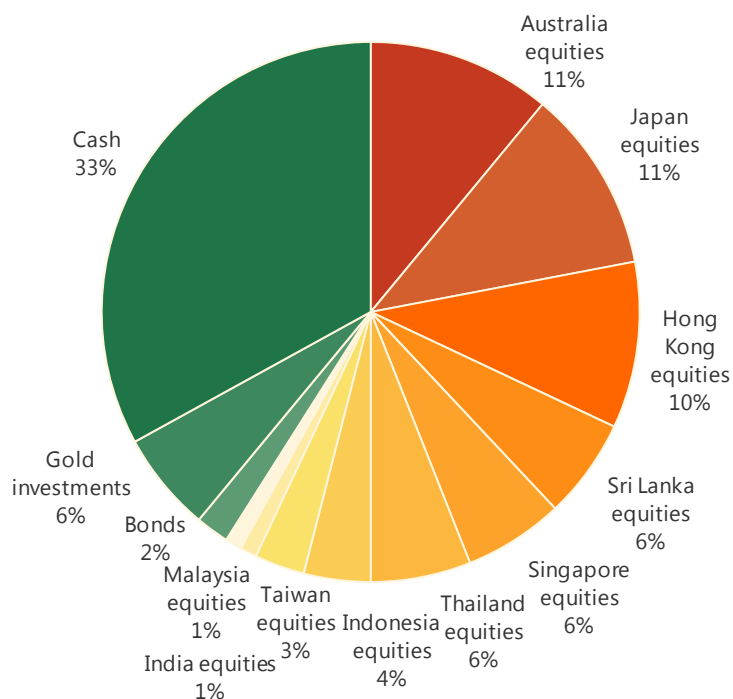
The government has succeeded in cushioning the initial fall-out from the dire fall in exports, but even if the growth numbers above do not worry the authorities per se, the Chinese inflation numbers have started to take a turn for the worse, and this does concern them. The response has been swift. Reserve requirement ratios have been raised; rates have started nudging

up and some banks have apparently been ordered to stop lending for the month. Whether this action is too little, too late remains to be seen, but at least it has not come even later, because for every additional month of unconstrained loan and money supply growth, there will be an extra cost in terms of bad debts, excess capacity and inflation. Stock markets do not like the tightening measures, but in our view, while they are bad news for short term speculators, they are good news for long term investors. We nonetheless retain our cautious stance: there are other bits of bad news that the Asian markets, major beneficiaries of the tide of QE money, might have to digest before the year is over.

On a positive note, Sri Lanka has been performing well and the market is up 10% so far this year in local currency terms. The incumbent President has won the election, but more importantly, the economy is showing signs of growth and this is expected to accelerate in 2010, with forecasts as high as 5.4%. There have also been good results from a number of the fund's holdings. Kingsgate, the Thai gold mine, has reported higher grades, production and recoveries and falling costs; Newcrest also reported higher output and lower costs.

Chinese New Year falls in mid-February this year. We expect that over this period, economic activity will be very subdued and that markets will be looking overseas for a lead.

Portfolio structure as at 31 Jan 2010



Source: Ruffer LLP

Ten largest holdings as at 31 Jan 2010

Stock	% of fund
Kingsgate	2.7
Newcrest Mining	2.2
Ranhill	2.1
Mobileone	2.0
Thai Beverage	1.8
Toyo Suisan Kaishan	1.7
Chaoda Modern Agriculture	1.7
Kiatnakin Bank	1.7
Kalbe Farma	1.6
Lihir Gold	1.6

Source: Ruffer LLP

Fund information

Investment adviser	Ruffer LLP
ACD	Capita Financial Managers Limited
Depository	The Bank of New York Trust & Depository Company Limited
Auditors	Grant Thornton UK LLP
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS III Eligible for ISAs
Share classes	Accumulation only
IMA classification	Specialist Fund

Fund size	£80.2m (31 Jan 2010)
No. of holdings	49 equities, 2 bonds (31 Jan 2010)
Minimum investment	£1,000
Benchmark <i>(performance comparator)</i>	MSCI Asia Pacific Index
Distribution yield	1.43%
Total Expense Ratio	1.63%



MARY McBAIN Investment Director – Asia

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, their trusts and pension funds. It also manages portfolios for small and medium sized corporate and charitable institutions. As at 31 January 2010, funds managed by the group exceeded £5.8bn, of which over £2.1bn was managed in open-ended Ruffer funds.

Enquiries

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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
Dealing line	0845 601 9610
ISIN Number	GB0034035328 (acc)
Sedol Number	3403532 (acc)
Ex dividend dates	15 March, 15 September
Pay dates	15 May, 15 November
Charges	Initial charge 5% Annual management charge O class 1.5%

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