

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



April 2016 Issue 84

During the period from 1 April to 30 April the price of the fund's O accumulation shares decreased by 1.7% from 164.79 pence to 161.96 pence. In the same period the TOPIX on a sterling adjusted basis rose by 2.5%, while the TOPIX in yen went down by 0.5%. As of the close on 30 April the fund was 96.2% invested in equities and its net cash position was 3.8%.

In terms of attribution, Rakuten [4755 JP], M3 [2413 JP], Murata Manufacturing [6981 JP], Nidec [6594 JP] and Keyence [6861 JP] were the biggest positive contributors, while Mitsubishi Motors [7211 JP], Otsuka Corporation [4768 JP], Seven & I Holdings [3382 JP], NTT Urban Development [8933 JP] and Sony [6758 JP] provided the largest negative contributions during the month.

April continued to see a volatile market in Japanese equities. The TOPIX hit the month low of 1,250.77 (a fall of 7% from the previous month's closing level) on 8 April, then climbed to the month high of 1,404.78 (a 12% recovery from the month's bottom) on 28 April, the final day of trading and closed at 1,340.55 (a 4.6% fall from the day's high).

The strong correlation between the US dollar/yen exchange rate and the TOPIX persisted in April. Stock prices continued to fall during the first third of the month due to the receding expectation for an interest rate hike in the US, which led to an appreciation of the yen against the US dollar, which in turn dampened the sentiment towards Japanese equities. The rest of the month saw a steady and continuous recovery in stock prices as the yen started weakening against the US dollar on the back of a rising expectation that the Bank of Japan (BoJ) might announce further monetary easing policies at its next Monetary Policy Meeting on 28 April. However, as soon as the BoJ announced no change in its monetary policy on 28 April, the yen rose sharply against the US dollar and Japanese equities fell rapidly in the afternoon session on the final trading day of the month.

It is true that Japanese companies with global operations cannot avoid the impact of fluctuations in exchange rates. Currencies affect both the competitiveness and the translation of overseas earnings and assets in consolidated accounts. However, the foreign exchange impact is now lower than before. In the past, every time the yen depreciated, Japanese companies increased domestic investment in order to expand their production capacity. They would also cut their foreign currency denominated selling prices to grab larger market shares overseas. However, over the last two decades or so their behaviours have been changing gradually as they have been diversifying their production locations globally given a stronger yen. During the recent period of yen depreciation since the arrival of Prime Minister Abe we have only observed minimal 'reshoring' by Japanese companies and limited cutting of foreign currency denominated selling prices. Instead, they have been investing in IT to improve their efficiency and have been focusing on profitability rather than market share. Some companies, whose stock prices have significantly declined due to the recent appreciation of the yen, are now trading on attractive valuations.

## Investment objective

The investment objective of CF Ruffer Japanese Fund is to provide capital growth by investing in a portfolio of predominantly Japanese equities, though Japanese fixed income securities and fixed income securities and equities from other geographical areas may be utilised if the Investment Manager believes they will assist in meeting the overall objective of the sub fund. The fund may also invest in 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 by the regulations. There will be no particular emphasis on any industrial or economic sector.

## Performance since launch on 14 May 2009



| Performance %             | April 2016 | Year to date | 1 year | 3 years | 5 years | 10 years |
|---------------------------|------------|--------------|--------|---------|---------|----------|
| O accumulation shares     | -1.7       | -12.1        | -16.1  | 10.7    | 58.0    | na       |
| Percentage growth (O acc) | %          |              |        |         |         |          |
| 31 Mar 2015 – 31 Mar 2016 | -14.8      |              |        |         |         |          |
| 31 Mar 2014 – 31 Mar 2015 | 23.4       |              |        |         |         |          |
| 31 Mar 2013 – 31 Mar 2014 | 18.6       |              |        |         |         |          |
| 31 Mar 2012 – 31 Mar 2013 | 22.1       |              |        |         |         |          |
| 31 Mar 2011 – 31 Mar 2012 | 3.1        |              |        |         |         |          |

| Share price as at 29 April 2016 | p      |
|---------------------------------|--------|
| O accumulation                  | 161.96 |
| C accumulation                  | 163.98 |

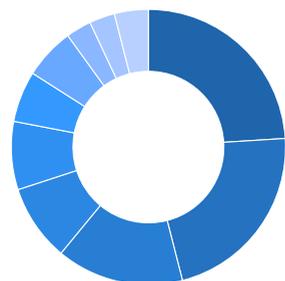
Source: Ruffer LLP

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](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

# CF Ruffer Japanese Fund as at 29 April 2016

## Portfolio structure



| Asset allocation | %  |               | % |
|------------------|----|---------------|---|
| • Industrial     | 24 | • Consumer    | 6 |
| • Financial      | 22 | • Real estate | 6 |
| • Technology     | 15 | • Auto        | 3 |
| • Services       | 9  | • Retail      | 3 |
| • Healthcare     | 8  | • Cash        | 4 |



| Currency allocation | %  |
|---------------------|----|
| • Sterling          | 50 |
| • Yen               | 50 |

## 10 largest of 52 equity holdings

| Stock              | % of fund | Stock             | % of fund |
|--------------------|-----------|-------------------|-----------|
| ORIX               | 4.8       | Rakuten           | 3.0       |
| Sony               | 4.2       | SECOM             | 3.0       |
| M3                 | 3.7       | Nidec Corporation | 3.0       |
| Mazda Motor        | 3.4       | NTT Data          | 2.6       |
| Seven & I Holdings | 3.2       | T&D Holdings      | 2.6       |

Source: Ruffer LLP

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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 £400.8m

## Fund information

| %                        | O class   | C class      |
|--------------------------|---|--------------|
| Ongoing Charges Figure   | 1.57  | 1.24         |
| Annual management charge | 1.5   | 1.2          |
| Maximum initial charge   | 5.0   | 5.0          |
| Yield                    | 0.00  | 0.10         |
| 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<br>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                     | GB00B3SGKR77  | GB00B846SB60 |
| SEDOL                    | B3SGKR7   | B846SB6      |
| Investment adviser       | Ruffer LLP  |              |
| 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)<br>UK domiciled UCITS<br>Eligible for ISAs  |              |

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## Fund Manager

**Kentaro Nishida**  
INVESTMENT DIRECTOR



After obtaining a BEcon in Japan and studying Russian in Moscow he worked as an interpreter in both Russia and the UK. He moved into equity sales in 1988 for James Capel & Company Limited and then SG Warburg Securities in 1989. He joined Ruffer in 2008 to concentrate on Japanese equities and manages the CF Ruffer Japanese Fund.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 April 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.5bn was managed in open-ended Ruffer funds.

## Dealing line

0345 601 9610

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