

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



May 2016 Issue 85

During the period from 1 May to 31 May the price of the fund's O accumulation shares increased by 3.5% from 161.96 pence to 167.61 pence. In the same period the TOPIX on a sterling adjusted basis remained unchanged, while the TOPIX in yen went up by 2.9%. As of the close on 31 May the fund was 89.0% invested in Japanese equities and its net cash position was 11.0%.

In terms of attribution, Sony [6758 JP], Nihon Kohden [6849 JP], Mitsubishi Electric [6503 JP], Mazda Motor [7261 JP] and Recruit Holdings [6098 JP] were the biggest positive contributors, while Murata Manufacturing [6981 JP], ORIX [8591 JP], Rakuten [4755 JP], NEC [6701 JP] and Hamamatsu Photonics [6965 JP] were the most significant detractors from performance.

We increased the fund's exposure to the yen to about 80% of the fund's NAV during May, while we continued to trim our exposure to those stocks that have been out-performing the TOPIX over the last two years or so. While their fundamentals remain strong, and their investment cases are still valid on a long-term basis, their valuations have become rather demanding.

The strength of Japanese equities continued to be dictated by the yen, even if the level of volatility decreased to some extent, as the strong correlation between the US dollar/yen rate and the TOPIX persisted. The US dollar rose to ¥106.40 on 2 May and fell to ¥111.14 on 30 May. Japanese equity prices followed the exchange rate in the opposite direction.

The first week of May continued to see yen strength and Japanese equity weakness after the Bank of Japan announced no change in its monetary policy on 28 April. The rest of the month saw a gradual recovery in stock prices as the yen weakened against the US dollar. Rising expectations that the Federal Reserve Bank (FRB) of the US would raise its interest rate in June and that Prime Minister Abe would announce a package of economic measures, including a postponement of the consumption tax increase, after the G7 Summit held on 26 and 27 May in Japan supported yen strength. The minutes of the Federal Open Market Committee (FOMC)'s April meeting published on 18 May implied a stronger possibility of an interest rate hike in June. This was followed by the US central bank governor Janet Yellen's speech on 27 May which hinted that the FRB would raise its overnight interest rate sooner rather than later. On the other hand, Prime Minister Abe continued to signal his intention to postpone the consumption tax hike from 8% to 10% and confirmed this during his press conference on 1 June. The second postponement (the first postponement was from October 2015 to April 2017) of the second hike (the first was from 5% to 8% in April 2014) will now push it out to October 2019.

Volatility may increase over the summer as there are some important events including the FOMC's meeting on 14 and 15 June, the Bank of Japan's policy meeting on 15 and 16 June, the UK's EU membership referendum on 23 June and the Upper House election in Japan on 10 July (the election campaign will start on 22 June). We will continue to aim to identify good, undervalued businesses. Thanks to the large divergence in performance between seemingly stable cash flow stocks and the rest of the universe, the opportunity appears abundant.

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 %	May 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.5	-9.1	-14.8	16.1	64.7	na

Percentage growth (O acc)	%	Share price as at 31 May 2016	p
31 Mar 2015 – 31 Mar 2016	-14.8	O accumulation	167.61
31 Mar 2014 – 31 Mar 2015	23.4	C accumulation	169.75
31 Mar 2013 – 31 Mar 2014	18.6		
31 Mar 2012 – 31 Mar 2013	22.1		
31 Mar 2011 – 31 Mar 2012	3.1		

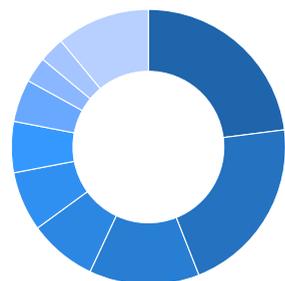
Source: Ruffer LLP

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.

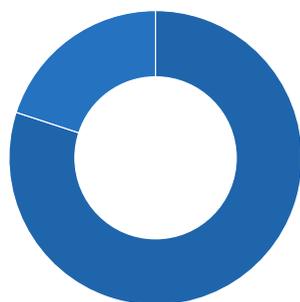
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

CF Ruffer Japanese Fund as at 31 May 2016

Portfolio structure



Asset allocation	%		%
• Industrial	23	• Consumer	6
• Financial	21	• Real estate	5
• Technology	13	• Retail	3
• Services	8	• Auto	3
• Healthcare	7	• Cash	11



Currency allocation	%
• Yen	80
• Sterling	20

10 largest of 50 equity holdings

Stock	% of fund	Stock	% of fund
Sony Corp	4.4	Rakuten	2.8
ORIX	4.4	T&D Holdings	2.5
Seven & I Holdings	3.1	Mitsubishi Electric	2.5
Nidec Corporation	2.9	Recruit	2.5
Mazda Motor	2.9	M3	2.4

Source: Ruffer LLP

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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 £414.5m

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 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) UK domiciled UCITS 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 31 May 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.5bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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