

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



June 2016 Issue 86

During the period from 1 June to 30 June the price of the fund's O accumulation units decreased by 0.5% from 167.61 pence to 166.81 pence. In the same period, the TOPIX on a sterling adjusted basis rose by 6.2%, while the TOPIX in yen went down by 9.7%. As of the close on 30 June, the fund was 90.0% invested in Japanese equities and its net cash position was 10.0%.

Regarding attribution for the period, M3 [2413 JP], Misumi Group [9962 JP], Yamato Holdings [9064 JP], Harmonic Drive Systems [6324 JP] and Recruit Holdings [6098 JP] were the biggest positive contributors, while Mazda Motor [7261 JP], ORIX [8591 JP], T&D Holdings [8795 JP], Dai-ichi Life Insurance [8750 JP] and Sumitomo Mitsui Financial Group [8316 JP] provided the largest negative contributions.

For the six months from 1 January to 30 June, the price of the fund's O accumulation units decreased by 9.5%. In the same period, the TOPIX on a sterling adjusted basis rose by 4.0%, while the TOPIX in yen went down by 19.5%. The risk-off mode continued in the first half of 2016, which led to continuous appreciation of the yen, and falling prices in Japanese equities.

We decreased the fund's exposure to the yen, during the month, from c 80% to c 60% of NAV, while we continued to trim slowly our exposure to those stocks that had been out-performing the TOPIX over the last two years or so. Whilst their fundamentals remain strong and their investment cases remain valid on a long-term basis, their valuations are becoming rather demanding.

June started on a positive note. During his press conference on 1 June, Prime Minister Abe confirmed the government's decision to postpone the consumption tax hike from 8 to 10% until October 2019. However, this was soon followed by a publication of the employment report in the US for May, which was a disappointment, leading to an appreciation of the yen. In addition to this, the British pound continued to fall against major currencies, as some polls showed that Brexit was gaining momentum against Brexain. The latter also enhanced the risk-off mode globally.

Following the difficult first half of the month, the British pound started to rebound and global equities began to recover as an increasing number of investors assumed that British voters would decide to remain in the EU. However, as the referendum took place and the regional results were published during the night of 23 to 24 June UK time, the likelihood of Brexit continued to rise and became certain at around 4am UK time. This led to a rapid appreciation of the yen and sharp falls in Japanese equity prices, as Japanese financial markets were the first to digest the outcome.

We expect that volatility will remain high in the second half of 2016 as global financial markets continue to digest the impacts of Brexit, and as there are likely to be some policy responses from governments and central banks of various countries. This increased volatility is likely to create opportunities for long-term and patient investors to invest in good businesses at attractive prices.

## 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 %	June 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.5	-9.5	-12.0	14.5	61.5	na
Percentage growth (O acc)	%					
30 Jun 2015 – 30 Jun 2016	-12.0					
30 Jun 2014 – 30 Jun 2015	16.4					
30 Jun 2013 – 30 Jun 2014	11.8					
30 Jun 2012 – 30 Jun 2013	44.3					
30 Jun 2011 – 30 Jun 2012	-2.2					

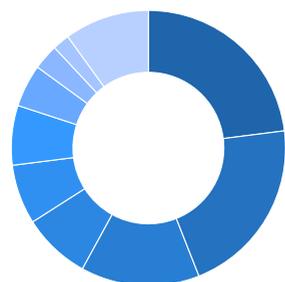
Source: Ruffer LLP

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.

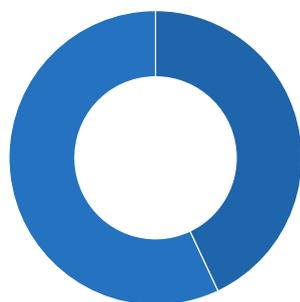
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other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

# CF Ruffer Japanese Fund as at 30 June 2016

## Portfolio structure



Asset allocation	%		%
• Industrial	23	• Consumer	7
• Financial	21	• Real estate	5
• Technology	14	• Retail	3
• Healthcare	8	• Auto	2
• Services	7	• Cash	10



Currency allocation	%
• Sterling	43
• Yen	57

## 10 largest of 51 equity holdings

Stock	% of fund	Stock	% of fund
Sony	4.8	Seven & I Holdings	3.0
ORIX	4.4	Mitsubishi Electric	2.7
Nidec Corporation	3.4	Recruit	2.6
M3	3.1	NTT Data	2.6
Rakuten	3.0	Nihon Kohden	2.5

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 £409.6m

## 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 30 June 2016, assets managed by the Ruffer Group exceeded £18.5bn, of which over £10.1bn was managed in open-ended Ruffer funds.

## Dealing line

0345 601 9610

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