

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



July 2016 Issue 87

During the period from 1 July to 31 July the price of the Fund's O accumulation shares increased by 7.3% from 166.81 pence to 178.97 pence. In the same period, the Topix on a sterling adjusted basis rose by 7.0%, while the Topix in yen went up by 6.2%. As of the close on 31 July, the Fund was 92.2% invested in Japanese equities and its net cash position was 7.8%.

Regarding attribution for the period, T&D Holdings [8795 JP], Nidec [6594 JP], Orix [8591 JP], Sony [6758 JP] and Dai-ichi Life Insurance [8750 JP] were the biggest positive contributors, while M3 [2413 JP], FujiFilm Holdings [4901 JP], Kao [4452 JP], Optex [6914 JP] and Hoshizaki [6465 JP] provided the largest negative contributions.

During July, we decreased the Fund's exposure to the yen from c 60% to c 40% of the fund's NAV, while we continued to trim our exposure to those stocks that had out-performed the Topix over the last few years. Whilst their fundamentals remain strong and their investment cases are still valid on a long-term basis, their valuations are becoming rather demanding. On the other hand, we have been continuously increasing our exposure to high beta and low valuation shares in good businesses. So called low beta and stable cash flow stocks have done extremely well over the last few years while high beta and cyclical stocks have done poorly. Consequently, the valuation gap between those two groups of stocks has widened enormously, which is presenting great opportunities.

The month started and ended on positive notes. External factors, which had impacted Japanese equities in a negative way, continued to improve throughout the month whilst domestic factors also turned around. The Upper House election was held on 10 July. The Liberal Democratic Party and its junior coalition partner Komeito together won more than half of the 121 seats up for election in the 242 seat Upper House. This led to a growing expectation of a significant fiscal package accompanied by further easing from the Bank of Japan (BoJ). The BoJ held its Monetary Policy Meeting on 28 and 29 July and announced further easing measures. The actual changes seemed smaller than expected but the financial markets gradually started responding to the announcement positively as investors digested the US dollar funding programme and its implications for Japanese financial institutions. The government also announced a fiscal package on 2 August and its cabinet reshuffle on 3 August. The cabinet reshuffle was viewed positively as more pro-growth 'heavyweight' politicians were appointed whilst the fiscal package was met with disappointment and scepticism.

Large fiscal spending accompanied by further monetary easing may help Japan achieve nominal GDP growth of 3% with an inflation rate of 2% at some point in the future. However, what Japan really needs to achieve sustainable growth and productivity improvements is a culture of venture capital and a far more liquid labour market. Financial and human capital are ring-fenced within industries and companies which have been losing comparative advantage. We hope to see tangible progress on these fronts in the form of deregulation and other supply side reforms.

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 %	July 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	7.3	-2.9	-6.6	21.5	71.8	na

Percentage growth (O acc)	%	Share price as at 29 July 2016	p
30 Jun 2015 – 30 Jun 2016	-12.0	O accumulation	178.97
30 Jun 2014 – 30 Jun 2015	16.4	C accumulation	181.34
30 Jun 2013 – 30 Jun 2014	11.8		
30 Jun 2012 – 30 Jun 2013	44.3		
30 Jun 2011 – 30 Jun 2012	-2.2		

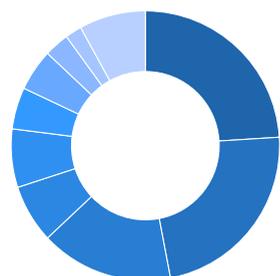
Source: Ruffer LLP

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.

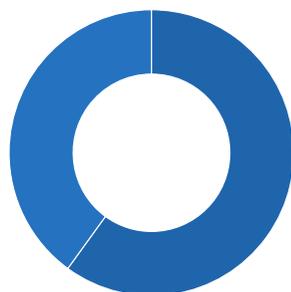
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

CF Ruffer Japanese Fund as at 29 July 2016

Portfolio structure



Asset allocation	%		%
• Financial	24	• Healthcare	5
• Industrial	23	• Real estate	5
• Technology	16	• Retail	3
• Services	7	• Auto	2
• Consumer	7	• Cash	8



Currency allocation	%
• Sterling	60
• Yen	40

10 largest of 50 equity holdings

Stock	% of fund	Stock	% of fund
Sony	5.0	Tokio Marine	2.8
ORIX	4.7	Fujitsu	2.7
Mitsubishi Electric	3.2	T&D Holdings	2.7
Rakuten	3.1	Recruit	2.6
Seven & I Holdings	2.9	NTT Data	2.6

Source: Ruffer LLP

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.

Fund size £437.7m

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	0.09
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 July 2016, assets managed by the Ruffer Group exceeded £19.2bn, of which over £10.6bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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