

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



August 2016 Issue 88

During the period from 1 August to 31 August the price of the fund's O accumulation shares increased by 1.8% from 178.97 pence to 182.27 pence. In the same period, the TOPIX on a sterling adjusted basis rose by 0.9%, while the TOPIX in yen went up by 0.5%. As of the close on 31 August, the fund was 91.8% invested in Japanese equities and its net cash position was 8.2%.

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 the month, we decreased exposure to the yen further from c 40% to c 30% of the fund's NAV, and we continued to trim our exposure to those stocks that had been out-performing the TOPIX over the last two years or so. We cut the fund's exposure to the yen even further, to c 10%, at the beginning of September.

August started with profit taking after a strong rebound in the previous month. However, Japanese equities managed to maintain their upward momentum and ended the month on a positive note. The Nikkei 225 Index outperformed the TOPIX with a big margin, and a return reversal continued, with high beta and low valuation cyclical stocks outperforming low beta and high valuation stable cash flows stocks.

External factors, which had been a weight on Japanese equities, continued to improve throughout the month. Domestic factors also turned upwards, contributing to an improvement in investor sentiment. Stronger than expected macro statistics in the US together with hawkish comments made by some US Federal Reserve officials led to an appreciation of US\$ and higher long term interest rates, which in turn led to higher equity prices in Japan. The government of Japan announced its fiscal package on 2 August and its cabinet reshuffle on 3 August. The cabinet reshuffle was taken positively as more heavy-weight, pro-growth politicians were put in charge of important tasks, whereas the fiscal package caused disappointment and scepticism regarding its boldness. Our analysis of the details suggests that the package actually contains some promising policies. In addition to this, we are expecting to see some progress on labour market reform that will free up Japan's financial and human capital – the country suffers from the current situation whereby such capital is stuck within industries and companies that have been losing comparative advantage. Such reform should lead to productivity improvement and higher wages, as well as a larger number of new businesses contributing to a creation of employment.

During September, we are spending two weeks in Japan visiting companies and their factories; not only in Tokyo but also in many other prefectures travelling throughout Japan. We hope to be able to identify businesses that are capable of generating revenues and profits over the long-term, even under tough conditions. It is encouraging to see that some Japanese companies have created formidable businesses that are globally competitive.

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 %	August 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.8	-1.1	1.4	27.4	86.4	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

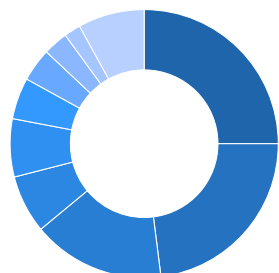
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally 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. 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.

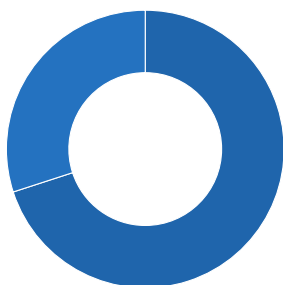
Share price as at 31 August 2016	p
O accumulation	182.27
C accumulation	184.74

CF Ruffer Japanese Fund as at 31 August 2016

Portfolio structure



Asset allocation	%		%
• Financial	25	• Real estate	5
• Industrial	23	• Healthcare	4
• Technology	16	• Retail	3
• Services	7	• Auto	2
• Consumer	7	• Cash	8



Currency allocation	%
• Sterling	70
• Yen	30

10 largest of 50 equity holdings

Stock	% of fund	Stock	% of fund
Sony	5.0	T&D Holdings	3.0
ORIX	4.7	Seven & I Holdings	2.9
Mitsubishi Electric	3.5	Tokio Marine	2.7
Rakuten	3.4	NTT Data	2.7
Fujitsu	3.3	Resona	2.6

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 £446.2m

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 August 2016, assets managed by the Ruffer Group exceeded £20.0bn, of which over £10.9bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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