

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



January 2017 Issue 93

During the period from 1 January to 31 January the price of the fund's O accumulation shares increased by 1.6% from 206.39 pence to 209.61 pence. In the same period, the FTSE Japan Index on a sterling adjusted basis rose by 1.8%, while the FTSE Japan in yen went up by 0.0%. As of the close on 31 January, the fund was 94.4% invested in Japanese equities and its cash position was 5.6%.

Regarding attribution for the above-mentioned period, T&D Holdings [8795 JP], Mitsubishi Electric [6503 JP], Keyence [6861 JP], Sony [6758 JP] and Recruit Holdings [6098 JP] were the biggest positive contributors, while ORIX [8591 JP], Mazda Motor [7261 JP], NEC [6701 JP], Infomart [2492 JP] and Mitsubishi Motor [7211 JP] provided the largest negative contributions.

In January, we initiated small positions in four companies – a life insurance business, an auto assembler, a personal care manufacturer and an apparel company. As of the close on 31 January the fund's exposure to the yen was 8.4%.

The month of January started strongly with the first day of trading finishing in positive territory for the first time in four years as the 'risk-on' mode continued. Better than expected macro data from the US (ISM Manufacturing Index for December) and China (Manufacturing PMI for December) led to a weaker yen, which in turn supported Japanese equities.

However, protectionist comments made by President-elect Trump, on 11 January, during his first press conference since the presidential election spooked the financial markets. In addition, media reports about the possibility of a 'hard Brexit' dampened investor sentiment. President Trump's inauguration speech on 20 January also lacked a concrete growth plan while continued protectionist rhetoric pushed up the yen and so Japanese equities came under profit-taking pressure.

On the other hand, the speech made by the Federal Reserve governor Janet Yellen on 18 January increased expectations for multiple interest rate hikes by year end. Japanese equities recovered somewhat. The Nikkei 225 and TOPIX indices in yen finished the month broadly flat.

Toward the end of the month, Japanese companies started to disclose their results for the December quarter. According to Nomura Securities' strategy team, by 3 February about 60% of the Russell/Nomura Large Cap Index constituent companies excluding financials have announced their results. On average, Q3 revenues were down 3% year on year while recurring profits were up by 8%. A larger number of companies managed to exceed forecasts compared to those that missed estimates. One intriguing point is that a significant number of technology related companies are now operating at full capacity leading to gradual price hikes as they hesitate to expand their capacity. This may change leading to higher capex.

## 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 %	January 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.6	1.6	23.3	31.6	112.5	na
Percentage growth (O acc)	%					
31 Dec 2015 – 31 Dec 2016	12.0					
31 Dec 2014 – 31 Dec 2015	6.5					
31 Dec 2013 – 31 Dec 2014	3.7					
31 Dec 2012 – 31 Dec 2013	50.7					
31 Dec 2011 – 31 Dec 2012	14.3					
		<b>Share price as at 31 January 2017</b>		<b>p</b>		
		<b>O accumulation</b>		<b>209.61</b>		
		<b>C accumulation</b>		<b>212.72</b>		

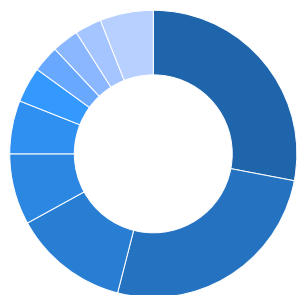
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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.

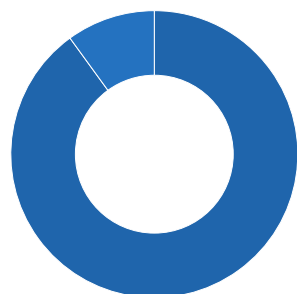
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Japanese Fund as at 31 January 2017

## Portfolio structure



Asset allocation	%		%
• Financial	28	• Real estate	4
• Industrial	26	• Healthcare	3
• Technology	13	• Auto	3
• Services	8	• Retail	3
• Consumer	6	• Cash	6



Currency allocation	%
• Sterling	90
• Yen	10

## 10 largest of 57 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	4.6	Recruit	3.5
Sony Corp	4.4	Dai-ichi Life Insurance	3.1
Mitsubishi Electric	3.8	Tokio Marine	2.7
T&D Holdings	3.5	Seven & I Holdings	2.5
Fujitsu	3.5	Keyence	2.4

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 £501.7m

## 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	0.03	0.2
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	
Depository	BNY Mellon Trust & Depository (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

## 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 January 2017, assets managed by the Ruffer Group exceeded £20.8bn, of which over £11.6bn was managed in open-ended Ruffer funds.

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