

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



July 2017 Issue 99

During the period from 1 July to 31 July the price of the fund's O accumulation shares increased by 0.3% from 218.61 pence to 219.28 pence. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis rose by 0.9%, while the FTSE Japan Total Return Index in yen gained 0.3%. As of the close on 31 July, the fund was 95% invested in Japanese equities, its cash position was 5% and its exposure to the yen was 33%.

Regarding attribution for the above-mentioned period, Sony [6758 JP], Mitsubishi Electric [6503 JP], Nabtesco Corporation [6268 JP], Harmonic Drive Systems [6324 JP] and Hitachi [6501 JP] were the biggest positive contributors, while Mitsubishi UFJ Financial Group [8306 JP], Resona Holdings [8308 JP], Dai-ichi Life Holdings [8750 JP], T&D Holdings [8795 JP] and Daiichi Sankyo [4568 JP] provided the largest negative contributions.

July saw the Japanese stock market fluctuating within a narrow trading range. However, within the 33 industry categories of the TOPIX, iron and steel (+7.4%) and nonferrous metals (+5.7%) performed well while banks (-4.4%) and pulp and paper (-3.6%) were weak. The yen slightly appreciated against the US dollar during the month but its correlation with the performance of Japanese equities continued to decline. During July we initiated positions in two more pharmaceutical companies and the fund now holds four pharma stocks.

Japanese companies started announcing their results for the June 2017 quarter during the final week of July. So far, the general picture is that results have exceeded both conservative company guidance and the market consensus. In particular, those companies which form part of the global technology supply chain have further increased sales volumes as well as margins. When we last visited Taiwan in March this year we observed some technology sub-sectors were enjoying not only a cyclical recovery as a result of inventory adjustment but also a new longer term growth phase. There is rising demand for their products and services from new customers. In addition, many of these component manufacturers are reluctant to expand their production capacity given previous problems with oversupply. We therefore expect rising prices in key areas to continue given tight supply.

There are also growing signs that stronger companies across many industries have regained lost ground while weaker companies have been suffering due to the rising labour shortage. The tighter labour market appears to be having the same impact as higher interest rates on those so-called 'zombie' companies which have been kept alive by ultra-low interest rates for a long time. These marginal players are struggling to secure enough workers within budget. As a result, the pricing environment seems to be improving for stronger companies which have the capacity to hire more full time employees and invest in IT, automation etc. in order to increase productivity. The gap between stronger and weaker players is therefore likely to expand going forward.

## 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 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.3	6.2	22.5	32.9	124.6	na	
Percentage growth (O acc)	%		Share price as at 31 July 2017				p
30 Jun 2016 – 30 Jun 2017	31.1		O accumulation		219.28		
30 Jun 2015 – 30 Jun 2016	-12.0		C accumulation		222.87		
30 Jun 2014 – 30 Jun 2015	16.4		C income		104.97		
30 Jun 2013 – 30 Jun 2014	11.8						
30 Jun 2012 – 30 Jun 2013	44.3						

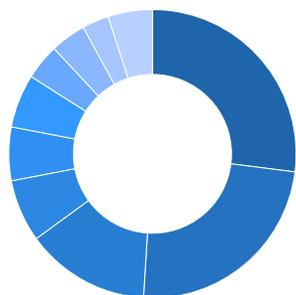
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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.

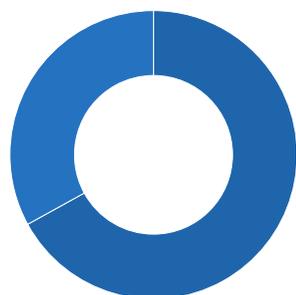
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Japanese Fund as at 31 July 2017

## Portfolio structure



Asset allocation	%		%
• Industrial	27	• Services	6
• Financial	24	• Auto	4
• Technology	14	• Real estate	4
• Consumer	7	• Retail	3
• Healthcare	6	• Cash	5



Currency allocation	%
• Sterling	67
• Yen	33

## 10 largest of 69 equity holdings

Stock	% of fund	Stock	% of fund
Sony Corp	5.0	Dai-ichi Life Insurance	2.5
ORIX	4.1	Keyence	2.4
Fujitsu	3.8	Tokio Marine	2.3
Mitsubishi Electric	3.3	Hamamatsu Photonics	2.2
T&D Holdings	3.0	Seven & I Holdings	2.2

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 £561.3m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.55	1.25
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.03	0.23
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 (acc)	GB00B846SB60 (acc) GB00B88MBW20 (inc)
SEDOL	B3SGKR7 (acc)	B846SB6 (acc) B88MBW2 (inc)

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

\* Refers to accumulation shares

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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 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.5bn was managed in open-ended Ruffer funds.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

## Dealing line

0345 601 9610

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