

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During the period from 1 August to 31 August the price of the fund's O accumulation shares decreased by 0.3% from 219.28 to 218.68 pence. In the same period, the FTSE Japan Total Return Index on a sterling adjusted basis rose by 1.9%, while the FTSE Japan Total Return Index in yen declined 0.3%. As of the close on 31 August, the fund was 95% invested in Japanese equities, its cash position was 5% and its exposure to the yen was 30%.

Regarding attribution for the above-mentioned period, Keyence Corporation [6861 JP], Recruit Holdings [6098 JP], Uzabase Inc [3966 JP], Nabtesco Corporation [6268 JP] and Optex Group [6914 JP] were the biggest positive contributors, while T&D Holdings [8795 JP], Sony Corp [6758 JP], Dai-ichi Life Holdings [8750 JP], Mitsubishi Electric [6503 JP] and Tokio Marine [8766 JP] provided the largest negative contributions.

The consensus beating first quarter earnings season pushed the TOPIX 1% higher in the first week of August. However the initial gain was quickly reversed as geopolitical worries, political dysfunction in Washington over the then unresolved debt ceiling and a lower US dollar contributed to large cap selling in Japan. In addition, Tokyo experienced its second longest streak of rainy days in August which led to a further shift away from the shares of domestic retail and food companies. The market looked a little healthier into month end but rising tensions following North Korea's missile fired over Hokkaido has inevitably led to further yen strength in early September and thus a declining equity market.

As we referred to in July's report corporate Japan's first quarter earnings season started strongly and this continued into the first half of August. The impressive performance was broad based with companies delivering the most increases to full year guidance since the post global financial crisis recovery. Around 70% of firms beat consensus with bottom line profits around 30% higher than last year and 50% above the previous quarter. Auto manufacturers were a particularly area of strength and although this has not been reflected in share price performance we continue to maintain exposure to the sector given its out of favour status and low valuations.

During August we continued to reduce positions in the fund that have been performing well and increasing existing holdings in attractively valued companies which we like from a longer term perspective. One example of the latter is Tadano [6395 JP] which is one of the world's 'big four' crane manufacturers and a high quality cyclical trading on an undemanding valuation. With respect to new holdings we initiated two positions in media companies with particularly strong balance sheets.

Another feature of the recent earnings period was the continued strong performance of companies which form part of the global technology supply chain. In particular those firms which manufacture products or components for use in factory automation (FA) have been enjoying record earnings. We maintain significant exposure to this area and three of the top five positive contributors listed above are part FA-related investments. We continue to look for new opportunities in the technology and automation space and this forms part of our September meeting schedule which we are currently following in Japan. More detail on this trip will be included in next month's report.

## 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 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	-0.3	6.0	20.0	34.6	125.5	na	
Percentage growth (O acc)	%		Share price as at 31 August 2017				p
30 Jun 2016 – 30 Jun 2017	31.1		O accumulation				218.68
30 Jun 2015 – 30 Jun 2016	-12.0		C accumulation				222.32
30 Jun 2014 – 30 Jun 2015	16.4		C income				104.71
30 Jun 2013 – 30 Jun 2014	11.8						
30 Jun 2012 – 30 Jun 2013	44.3						

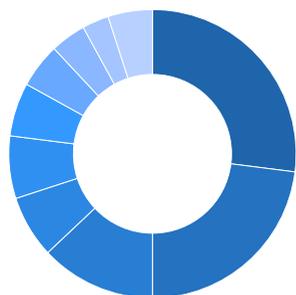
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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.

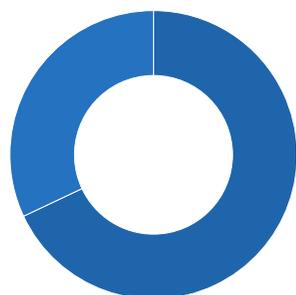
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Japanese Fund as at 31 August 2017

## Portfolio structure



Asset allocation	%		%
• Industrial	27	• Services	6
• Financial	23	• Auto	5
• Technology	13	• Real estate	4
• Consumer	7	• Retail	3
• Healthcare	7	• Cash	5



Currency allocation	%
• Sterling	68
• Yen	32

## 10 largest of 69 equity holdings

Stock	% of fund	Stock	% of fund
Sony Corp	4.8	Dai-ichi Life Insurance	2.3
ORIX	4.1	Keyence	2.3
Fujitsu	3.8	Tokio Marine	2.2
Mitsubishi Electric	3.1	Seven & I Holdings	2.1
T&D Holdings	2.8	Rakuten	2.0

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 **£568.8m**

## 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 August 2017, assets managed by the Ruffer Group exceeded £21.6bn, of which over £12.7bn was managed in open-ended Ruffer funds.

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