

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



September 2017 Issue 101

During the month, the price of the fund's O accumulation shares increased by 1.9% from 218.68 to 222.84 pence. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis decreased by 1.8%, while the FTSE Japan Total Return Index in yen increased by 4.3%. As of the close on 31 September, 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 period, Dai-ichi Life [8750 JP], Mitsubishi Electric [6503 JP], T&D [8795 JP], Recruit [6098 JP], and Nidec [6594 JP] were the biggest positive contributors, while Sony [6758 JP], Rakuten [4755 JP], Peptidream [4587 JP], Kao [4452 JP], and Uzabase [3966 JP] provided the largest negative contributions.

From the start of September until the middle of the month members of the Japan team were in Tokyo visiting various companies. Both the arrival and the departure of the team were marked by missile tests conducted by North Korea – the first of these kept the Japanese equity market on a downward trend for the first week of the month. Following the initial bout of yen strength and equity market pessimism, the currency then started weakening and the stock market recovered for the remainder of the month.

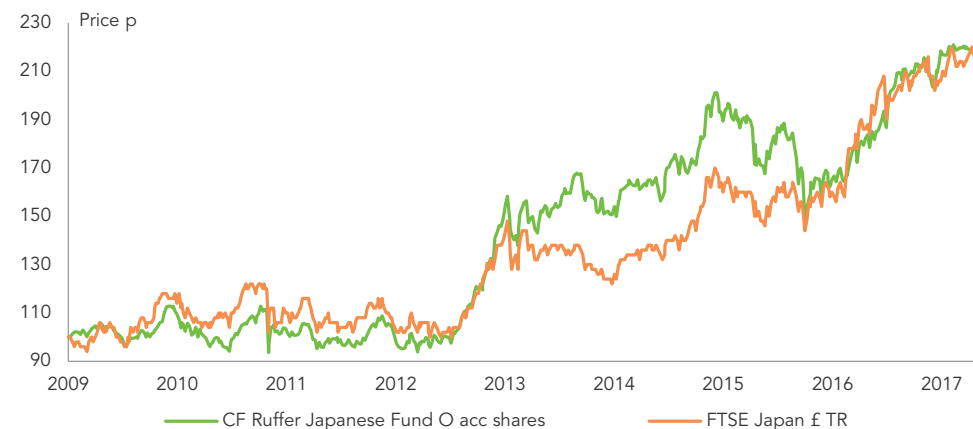
We visited companies from a range of sectors on the trip, and returned with a positive impression of the economic trajectory of Japan based on our interviews with corporates. Job security is high, and in various areas we are seeing some wage pressure, for instance in blue collar workers in convenience stores. Whilst there will be winners and losers from this trend, and we should be careful to avoid the latter, this should be broadly positive for achieving sustainable inflation and growth in domestic consumption.

We visited a number of companies in the Semiconductor Production Equipment (SPE) segment where, despite significant performance over the last six to twelve months, valuation multiples still look reasonable in many cases. We continue to assess whether the companies still stand to benefit from a multi-year structural growth path in customer capex. Automation-related names already owned by the fund contributed to performance once again this month, with Mitsubishi Electric, Nidec, Nabtesco, and Harmonic Drive all making the top ten. It seems that the global automation theme is attracting a larger share of equity investors' allocations, and Japan is one of the main beneficiaries of these allocations.

## 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 %	September 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	1.9	8.0	22.7	34.3	125.2	na	
Percentage growth (O acc)	%		Share price as at 29 September 2017				p
30 Sep 2016 – 30 Sep 2017	22.7		O accumulation		222.84		
30 Sep 2015 – 30 Sep 2016	8.4		C accumulation		226.60		
30 Sep 2014 – 30 Sep 2015	1.0		C income		106.49		
30 Sep 2013 – 30 Sep 2014	8.1						
30 Sep 2012 – 30 Sep 2013	55.2						

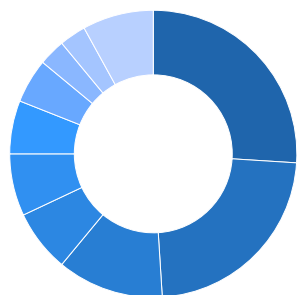
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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.

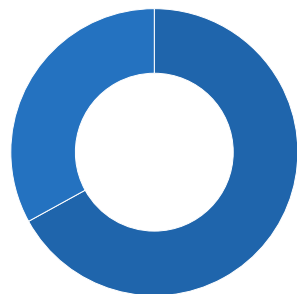
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# CF Ruffer Japanese Fund as at 29 September 2017

## Portfolio structure



Asset allocation	%		%
• Industrial	26	• Services	6
• Financial	23	• Auto	5
• Technology	12	• Real estate	3
• Healthcare	7	• Retail	3
• Consumer	7	• Cash	8



Currency allocation	%
• Sterling	67
• Yen	33

## 10 largest of 70 equity holdings

Stock	% of fund	Stock	% of fund
Sony Corp	4.3	Dai-ichi Life Insurance	2.5
ORIX	3.9	Keyence	2.2
Fujitsu	3.6	Tokio Marine	2.0
Mitsubishi Electric	3.1	Nabtesco	2.0
T&D Holdings	2.8	Seven & I Holdings	2.0

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 £582.0m

## 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	0.00	0.25
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

## 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 30 September 2017, assets managed by the Ruffer Group exceeded £21.7bn, of which over £12.9bn was managed in open-ended Ruffer funds.

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\* Refers to accumulation shares

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