

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



October 2017 Issue 102

During October, the price of the fund's O accumulation shares increased by 5.9% from 222.84 to 236.00 pence. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis rose by 5.6%, while the FTSE Japan Total Return Index in yen went up by 5.7%. As of the close on 31 October, the fund was 94% invested in Japanese equities, its cash position was 6% and its exposure to the yen was 35%.

Regarding attribution, Mitsubishi Electric [6503 JP], Tadano [6395 JP], ORIX [8591 JP], Sony [6758 JP] and Sumco [3436 JP] were the biggest positive contributors, while Mazda Motor [7261 JP], Subaru [7270 JP], Rakuten [4755 JP], Uzabase [3966 JP] and Credit Saison [8253 JP] provided the largest negative contributions.

We continued to increase the fund's exposure to pharmaceuticals in October and we now hold shares in five companies in this sector. These companies have been developing unique technologies to enhance the efficacy of certain drugs while reducing side effects. We also trimmed the fund's exposure to some technology and industrial companies which are key in the global semiconductor and factory automation supply chains. They had performed strongly over the last eighteen months. We remain positive on them and maintain significant positions.

Global macroeconomic data and corporate earnings continue to show steady growth while concerns about geopolitical risks and domestic political uncertainty have gradually receded. Favourable US data and strong company earnings put upward pressure on long-term US interest rates. This led to a depreciation of the yen against the US dollar and an appreciation of Japanese equity prices.

The Lower House election, which took place on 22 October, resulted in a landslide victory for the Liberal Democratic Party (LDP) and Komei Party coalition which won more than two thirds of the total seats. The LDP alone managed to secure more than enough seats to control all of the 17 standing committees in the Diet's Lower House. This provided the market with a sense of political stability and policy continuity which encouraged overseas investors to move back into Japanese equities.

Japanese companies started announcing their September quarter earnings in the second half of October. The overall picture has been encouraging so far. In a continuation of a structural theme there have been many notable positive shareholder returns related developments. Corporate performance also remained resilient to various negative factors including currency movements and rising labour costs.

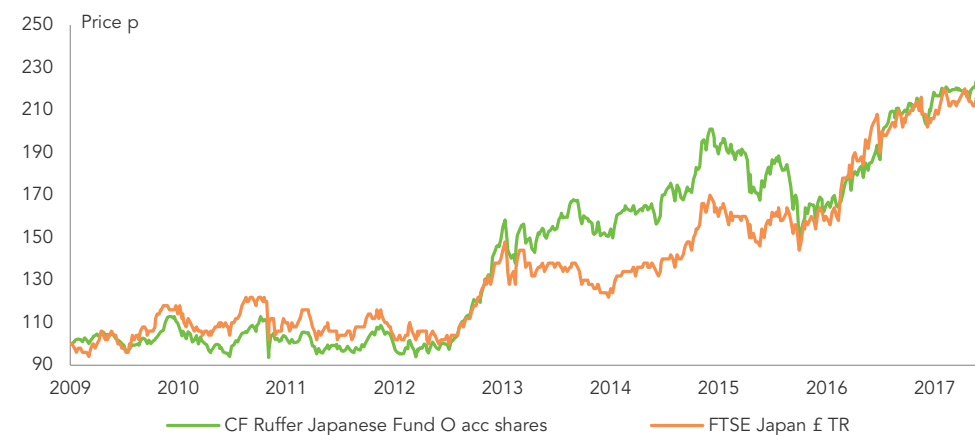
Corporate Japan remains at the bottom of the global developed market league when it comes to efficient capital allocation. However, we observe progress with a notable rise in management engagement with shareholders. This is an essential prerequisite for a longer term rerating of Japanese equities.

We continue to monitor the potential impact of the tight labour market on the Japanese economy. There are signs that stronger companies have regained lost ground while weaker companies have been suffering due to the rising labour shortage. The pricing environment seems to be improving for stronger companies which have the capacity to hire more full time employees and invest 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 %	October 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	5.9	14.3	22.0	41.8	136.1	na	
Percentage growth (O acc)	%		Share price as at 31 October 2017				p
30 Sep 2016 – 30 Sep 2017	22.7		O accumulation		236.00		
30 Sep 2015 – 30 Sep 2016	8.4		C accumulation		240.04		
30 Sep 2014 – 30 Sep 2015	1.0		C income		112.81		
30 Sep 2013 – 30 Sep 2014	8.1						
30 Sep 2012 – 30 Sep 2013	55.2						

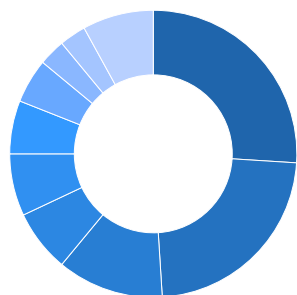
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. 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.

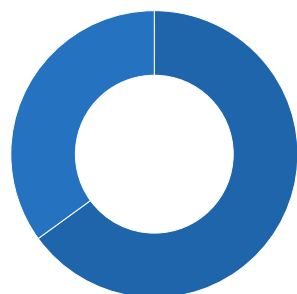
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Japanese Fund as at 31 October 2017

Portfolio structure



Asset allocation	%		%
• Industrial	28	• Services	6
• Financial	23	• Auto	5
• Technology	12	• Real estate	3
• Healthcare	7	• Retail	3
• Consumer	7	• Cash	6



Currency allocation	%
• Sterling	65
• Yen	35

10 largest of 70 equity holdings

Stock	% of fund	Stock	% of fund
Sony Corp	4.4	Dai-ichi Life Insurance	2.5
ORIX	4.0	Keyence	2.2
Fujitsu	3.6	Tokio Marine	2.2
Mitsubishi Electric	3.3	Nabtesco	2.1
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 £613.2m

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	0.24
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 31 October 2017, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.2bn was managed in open-ended Ruffer funds.

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* Refers to accumulation shares

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