

# LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During June, the price of the fund's O accumulation shares increased by 0.6%, from 248.18 pence to 249.62 pence. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis declined by 1.7%, and the FTSE Japan Total Return Index in yen declined 0.7%. As of the close on 30 June, the Fund was 97% invested in Japanese equities, its cash position was 3%, and its exposure to the yen was 45%.

Regarding attribution for the above-mentioned period, Daiichi Sankyo [4568 JP], Sony [6758 JP], Lifenet [7157 JP], Murata [6981 JP] and Mercari [4385 JP] were the biggest positive contributors, while ORIX [8591 JP], SUMCO [3436 JP], Keyence [6861 JP], Mitsubishi Electric [6503 JP] and Tadano [6395 JP] provided the largest negative contributions.

We participated in one IPO and continued to trim positions that have performed well but with a slight bias toward companies with a smaller market capitalisation. Broadly, the month was light on portfolio transactions. After a promising start for the TOPIX, the return of trade concerns weighed on stocks for the second half of the month.

The team spent one week at the start of the month visiting companies in Japan, where the outlook from most companies we visited was upbeat, contrary to more cautious forward guidance that had been set at the time of the full year results back in May. Sentiment, as always, is impacted by the level of the currency, which has fortunately weakened since the time when companies were constructing guidance earlier in the year.

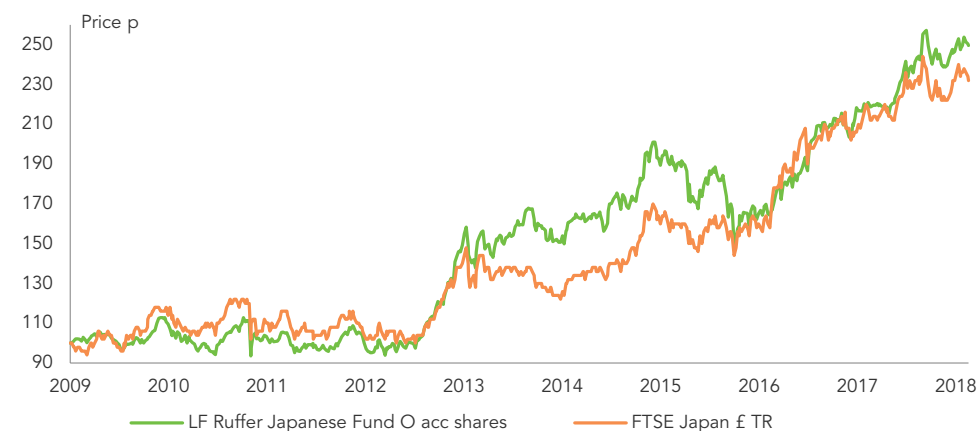
We started the month with the publication of the revised Corporate Governance Code, which, for the first time, explicitly calls for companies with cross-shareholdings to disclose their policy with respect to the reduction of such holdings and to annually assess each individual cross-shareholding, specifically examining whether the purpose is appropriate and if the benefits and risks from each holding cover the company's cost of capital. The revised code also states that the results of such assessments should be disclosed. Corporate governance improvement and the reduction of cross-shareholding networks amongst listed Japanese companies go hand in hand with each other, and thus the new wording of the Corporate Governance Code is encouraging for investors in Japanese equities.

The end of June is the time of year for annual general meetings of listed companies in Japan, and thus, a crucial time of year for shareholder engagement with portfolio companies. The Japan team is taking an active approach on this front, and is optimistic about the prospect of shareholder engagement to improve corporate governance and performance over the medium to long term. The fund holds positions in several companies whose stock market value is being overly discounted due to expectations of continued suboptimal capital management, and as a result, the fund stands to benefit from further progress on engagement and corporate governance.

## Investment objective

The investment objective of LF 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 %	June 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.6	2.9	14.2	31.7	71.3	na

Percentage growth (O acc)	%	Share price as at 29 June 2018	p
30 Jun 2017 – 30 Jun 2018	14.2	<b>O accumulation</b>	<b>249.62</b>
30 Jun 2016 – 30 Jun 2017	31.1	<b>C accumulation</b>	<b>254.40</b>
30 Jun 2015 – 30 Jun 2016	-12.0	<b>C income</b>	<b>119.51</b>
30 Jun 2014 – 30 Jun 2015	16.4		
30 Jun 2013 – 30 Jun 2014	11.8		

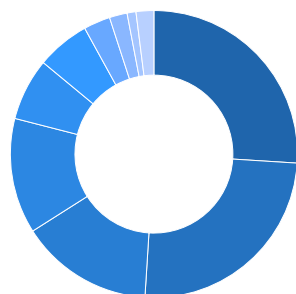
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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 LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

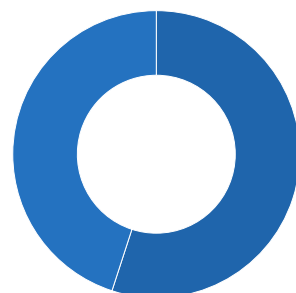
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Japanese Fund as at 29 June 2018

## Portfolio structure



Asset allocation	%		%
Industrial	26	Services	6
Financial	25	Real estate	3
Healthcare	15	Retail	2
Technology	13	Auto	1
Consumer	7	Cash	2



Currency allocation	%
Sterling	55
Yen	45

## 10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Sony	5.0	Mitsubishi Electric	2.9
ORIX	4.2	Tokio Marine	2.6
Daiichi Sankyo	4.1	Dai-ichi Life Insurance	2.6
Fujitsu	3.2	NTT Data	2.1
T&D Holdings	3.1	Hamamatsu Photonics	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 £550.9m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.54	1.24
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.00	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	Link Fund Solutions Limited	
Depository	The Bank of New York Mellon (International) Limited	
Auditors	Ernst & Young	
Structure	Sub-fund of LF 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 LF Ruffer Japanese Fund.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

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