

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During July, the price of the fund's O accumulation shares increased by 0.5%, from 249.62 pence to 250.80 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 increased by 1.5%. As at 31 July, the fund was 98% invested in Japanese equities, its cash position was 2%, and its exposure to the yen was 45%.

During the month, in terms of styles, big cap value and small cap value outperformed the general indices while small cap growth fell, with the TSE Mothers Index falling by 4.7%. We sat on our hands without making any tweaks to the fund while we continued to review our existing holdings in light of our recent company visits in Japan in June.

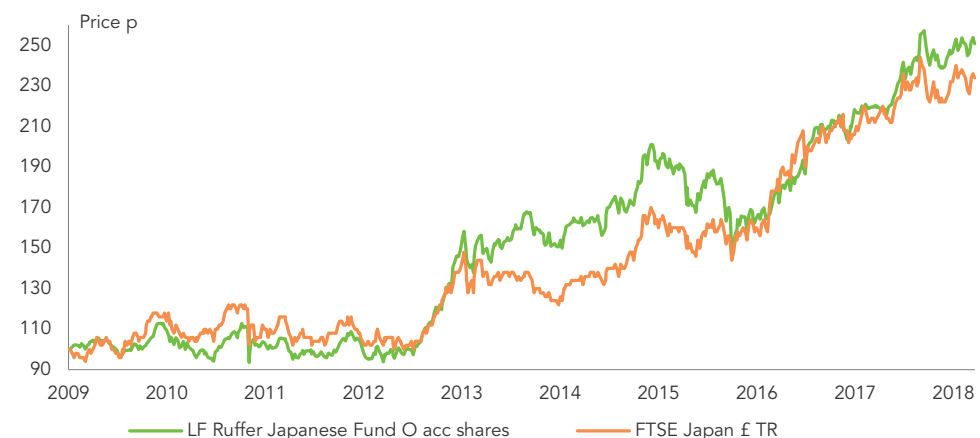
The first half of July saw concerns about trade frictions between Washington and Beijing leading to falling stock prices in China, a development also seen in Japan. Once President Trump activated the tariff increases on Chinese goods in the US on 6 July, however, Japanese equities started rebounding in line with global equities. The US employment data for June, also published on 6 July, was better than expected, and this led to a weakening yen, which in turn supported Japanese equity prices. The second half of July saw a rising 10-year Japan Government Bond yield and rising prices of life insurance and bank stocks on the back of media speculation that the Bank of Japan (BoJ) might make some changes to its monetary policy in order to ease the negative impact on financial institutions. The BoJ held its regular Monetary Policy Meeting on 30 and 31 July, and after the completion of the meeting the BoJ announced some minor tweaks, making policy implementation slightly more flexible.

In the fourth week of July, Japanese companies started announcing results for the June quarter. The general picture seemed a little mixed, mainly due to some external factors such as the US-China trade frictions and China's de-leveraging process, but it looks like Japan's corporate sector is making steady progress with respect to efficient capital allocation, shareholder returns and Environmental, Social and Governance principles. As widely expected, some machinery and component companies announced falls in new orders while still showing high levels of order backlog with longer than normal lead times - a major difference compared with previous cycles. After the US Federal Reserve stopped its quantitative easing in October 2014, an adjustment process started in the credit market and continued until around February 2016. This led to lower capital formation globally, causing capital expenditure (capex) to be postponed. Companies then resumed capex and the recovery phase was stronger than expected due to the combination of normal capex and this pent-up demand. On the other hand, capital goods companies seem to have been cautious about their production capacity expansion, which led to growing order books and longer lead times. Our observation is that pent-up capex was satisfied in the autumn of 2017 and we are now seeing a normal, but still slowly growing, level of capex. New orders are likely to recover towards the end of the year, with stock markets discounting this in advance.

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 %	July 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.5	3.4	14.4	30.9	70.2	na

Percentage growth (O acc)	%	Share price as at 31 July 2018	p
30 Jun 2017 – 30 Jun 2018	14.2	O accumulation	250.80
30 Jun 2016 – 30 Jun 2017	31.1	C accumulation	255.67
30 Jun 2015 – 30 Jun 2016	-12.0	C income	120.10
30 Jun 2014 – 30 Jun 2015	16.4		
30 Jun 2013 – 30 Jun 2014	11.8		

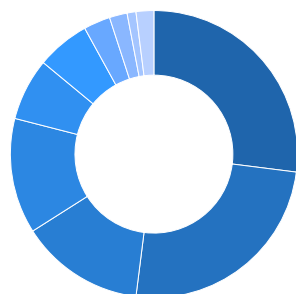
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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

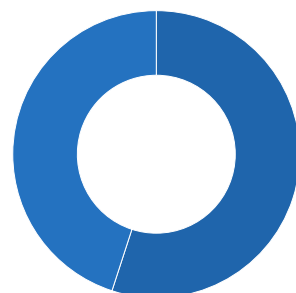
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Japanese Fund as at 31 July 2018

Portfolio structure



Asset allocation	%		%
• Industrial	27	• Services	6
• Financial	25	• Real estate	3
• Healthcare	14	• 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	5.1	Mitsubishi Electric	2.9
Daiichi Sankyo	4.4	Dai-ichi Life Insurance	2.8
ORIX	4.3	Tokio Marine	2.7
Fujitsu	3.5	NTT Data	2.0
T&D Holdings	3.1	Sumitomo Mitsui Financial	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 £552.3m

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 LLP

Structure Sub-fund of LF 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 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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* Refers to accumulation shares

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