

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During the three months to the end of September, the price of the fund's O accumulation shares increased by 6.2%, from 249.00p to 264.44p. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis rose by 6.1%, while the FTSE Japan Total Return Index in yen rose 3.5%. As of the close on 30 September 2019, the fund was 98.9% invested in Japanese equities, its cash position was 1.1%, and its exposure to the yen was 50%. Daiichi Sankyo, Fujitsu, Sony, M3, and JCR Pharmaceutical were the largest positive contributors to performance whereas Rakuten, Yamato, SBI Holdings, Mitsubishi Heavy Industries, and Softbank were the largest detractors.

The market had a somewhat muted July with the Nikkei 225 ending the month roughly where it began, but not without some intra-month volatility. The period started off positively with almost 75% of the S&P 500 constituents reporting better than expected earnings. Admittedly, expectations were low on global growth concerns that failed to materialise. The volatility entered the market surrounding the US Federal Reserve's decision to cut interest rates for the first time in over a decade. However, markets recovered as the European Central Bank continued its supportive tone and US-China negotiations remained fairly stable.

However, with the start of August came an escalation in the tariff war between Donald Trump and Xi Jinping, alongside increasing concerns surrounding weakening global macroeconomic data. During the month the Nikkei 225 fell 3.8%. The most significant moves came in the currency and bond markets. As the trade war escalated, one tweet at a time, China chose to devalue its currency, earning itself the stamp of 'currency manipulator'. Elsewhere, the US treasury markets had two notable events. The first being that the ten year yield dipped below that of the two year (the curve inverted) for the first time since 2007 – a sign many associate with a looming recession. And secondly, the 30 year yield fell to an all-time low, below 2%. Investors were firmly in risk-off mode.

The fund was able to protect itself from this market nervousness through the well-timed purchase of a US dollar put/yen call option. As is often the case, when the global markets panic the yen appreciates given its reputation as a safe haven.

On the equity side, we trimmed some of the names that had rallied strongly over the summer months, particularly the pharmaceutical/biotech stocks. We reinvested the proceeds in a selection of the more neglected constituents of the IT, technology, and telecommunications sectors. In addition, we initiated a position in a semiconductor manufacturer. Our conviction grew that the worst of the inventory correction was behind us in general, but also in the company's exposure to high growth areas within sub-sections of semiconductor demand.

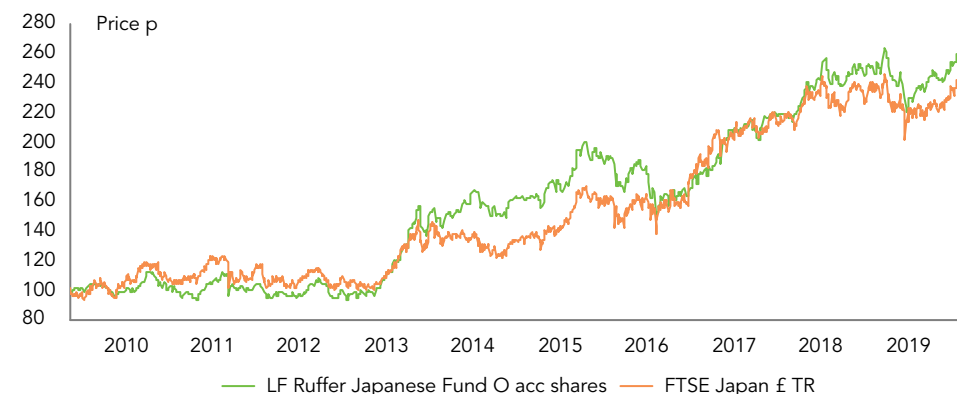
During September, we saw a reversion to the mean in terms of global market outlook and a rotation in sentiment away from previously favoured growth stocks to those considered 'value names'. Japanese financials in particular enjoyed a relief rally. The team spent two weeks in September visiting a variety of companies in Japan and look forward to distilling the information over the next few months.

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.

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 %	Q3 Year to date	1 year	3 years	5 years	10 years
O accumulation shares	6.2	18.8	0.2	45.6	153.1

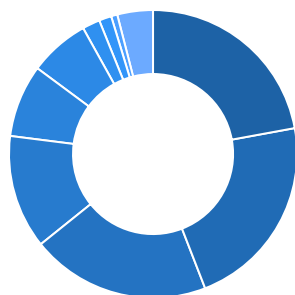
Percentage growth (O acc)	%	Share price as at 30 September 2019	p
30 Sep 2018 – 30 Sep 2019	0.2	O accumulation	264.44
30 Sep 2017 – 30 Sep 2018	18.4	C accumulation	270.52
30 Sep 2016 – 30 Sep 2017	22.7	C income	126.01
30 Sep 2015 – 30 Sep 2016	8.4		
30 Sep 2014 – 30 Sep 2015	1.0		

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.

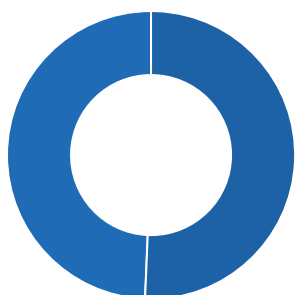
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Japanese Fund as at 30 Sep 2019

Portfolio structure



Asset allocation	%		%
• Healthcare	22.1	• Auto	2.1
• Industrial	22.0	• Retail	1.4
• Technology	20.1	• Options	0.7
• Financial	12.9	• Cash	4.0
• Consumer	8.0		
• Services	6.7		



Currency allocation	%
• Sterling	50.6
• Yen	49.4

10 largest of 44 equity holdings

Stock	% of fund	Stock	% of fund
Daiichi Sankyo	8.3	Mitsubishi Electric	4.2
Sony	6.1	Keyence	3.7
Fujitsu	5.8	Rakuten	3.4
ORIX	5.2	Shimadzu	2.6
Tokio Marine	4.8	Hoya	2.5

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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 **£505.3m**

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	0.12	0.49
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month	
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month	
ISIN	O class GB00B3SGKR77 (acc)	C class 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	

*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 31 August 2019, assets managed by the Ruffer Group exceeded £20.7bn.

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