

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



July 2015 Issue 75

During the period from 1 July to 31 July the price of the fund's O accumulation shares increased by 1.1% from 189.56 pence to 191.61 pence. In the same period the TOPIX on a sterling adjusted basis rose by 1.3%, while the TOPIX in yen went up by 1.8%. As of the close on 31 July the fund was 94.6% invested in equities and its net cash position was 5.4%.

During July, in terms of attribution, M3 [2413 JP], Nidec [6594 JP], Kao [4452 JP], NTT Data [9613 JP] and Seven & i Holdings [3382 JP] were the biggest positive contributors, while Mitsubishi Electric [6503 JP], Murata Manufacturing [6981 JP], FANUC [6954 JP], SMC [6273 JP] and Misumi Group [9962 JP] provided the largest negative contributions.

The month of July started positively for Japanese equities as the Bank of Japan's Tankan (business confidence) survey exceeded the market expectation. However, the Japanese stock market moved into a risk-off mode as the majority of the Greek people voted against the fiscal austerity measures at the referendum held on 5 July and Chinese stock prices fell sharply again on the Shanghai and Shenzhen stock exchanges on 8 July, where trading in more than 1,300 stocks was halted on the companies' own requests. The decline was followed by a gradual recovery as the Chinese authorities launched a series of price-keeping operations and the eurozone summit meeting agreed in principle to resume financial assistance to Greece on 14 July. However, concerns over weakening corporate earnings in the US as well as falling commodity prices capped the recovery in stock prices. Investors continued to switch out of Japanese exporters and cyclical stocks into domestic demand related stocks in July on the back of worries about global economic growth and expectations for higher consumer demand in Japan, partly helped by the growing number of inbound tourists.

Japanese companies started announcing their results for the June quarter at the end of July and, so far, the overall impression has been more positive than expected. At the time of writing this review, 58% of listed companies excluding financials have announced their results with their sales up by 4.9% year on year and recurring profits up by 30.2% year on year according to Mitsubishi UFJ Securities' calculation. The share prices of those companies which announced better than expected results and/or enhanced shareholder returns have responded positively. On the other hand, earnings misses and/or downward revisions have been punished severely.

One of many encouraging signs for us is the increasing number of Japanese manufacturers focusing on value added investments and new businesses as a part of their long-term strategies. This is funded in part by their improved overseas earnings following the depreciation of the yen. Companies are not simply ramping up domestic production capacity to take advantage of the yen's weakness in the short-run. We hope that we will be able to identify companies with a smart long-term approach, the optimal prioritisation of the usage of their operating cash flow, and the efficient allocation of capital based on clear long-term views.

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 %	July 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.1	10.7	16.1	96.3	87.9	na

Percentage growth (O acc)	%	Share price as at 31 July 2015	p
30 Jun 2014 – 30 Jun 2015	16.4	O accumulation	191.61
30 Jun 2013 – 30 Jun 2014	11.8	C accumulation	193.56
30 Jun 2012 – 30 Jun 2013	44.3		
30 Jun 2011 – 30 Jun 2012	-2.2		
30 Jun 2010 – 30 Jun 2011	2.4		

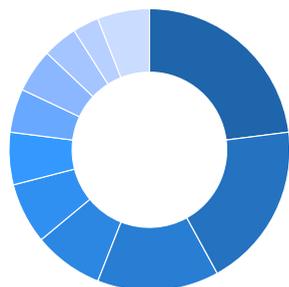
Source: Ruffer LLP

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.

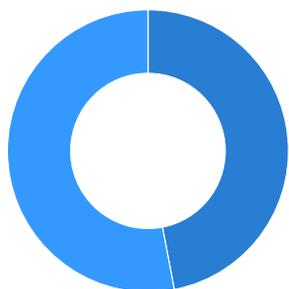
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Japanese Fund as at 31 July 2015

Portfolio structure



Asset allocation	%		%
• Financial	23	• Consumer	5
• Industrial	19	• Real estate	5
• Technology	14	• Retail	4
• Auto	8	• Energy and commodities	3
• Healthcare	7	• Cash	6
• Services	6		



Currency allocation	%
• Sterling	47
• Yen	53

10 largest of 65 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	3.6	T&D Holdings	2.9
Sony	3.5	Rakuten	2.8
Toyota	3.0	Seven & I	2.6
Mazda	3.0	NTT Data	2.5
M3	3.0	Dai-ichi Life Insurance	2.5

Source: Ruffer LLP

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 **£503.9m**

Fund information

%	O class	C class
Ongoing Charges Figure	1.57	1.23
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.00	0.01
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	GB00B846SB60
SEDOL	B3SGKR7	B846SB6
Investment adviser	Ruffer LLP	
ACD	Capita Financial Managers Limited	
Depositary	BNY Mellon Trust & Depositary (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

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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 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 July 2015, assets managed by the Ruffer Group exceeded £18.5bn, of which over £8.9bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.
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