

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



September 2015 Issue 77

During the period from 31 August to 30 September the price of the fund's O Accumulation shares decreased by 6.8% from 179.75 pence to 167.56 pence. In the same period the TOPIX on a sterling adjusted basis fell by 6.7%, while the TOPIX in yen went down by 8.9%. As of the close on 30 September the fund was 97.1% invested in equities and its net cash position was 2.9%.

During the period, in terms of attribution, Hoshizaki Electric [6465 JP], NTT Data [9613 JP], Seven & i Holdings [3382 JP], Nomura Real Estate Holdings [3231 JP] and Nihon M&A Centre [2127 JP] were the biggest positive contributors, while M3 [2413 JP], T&D Holdings [8795 JP], Rakuten [4755 JP], Dai-ichi Life Insurance [8750 JP] and SONY [6758 JP] provided the largest negative contributions.

The risk-off mode, which started in August, continued into September with increased volatility. Japanese equity prices fell for two months in a row and the TOPIX in yen closed at 1,411.16. This was a fall of 17.1% over 34 trading days from the 52 week intraday high of 1,702.83 recorded on 11 August. Foreign investors continued to be net sellers for four months in a row while domestic retail investors continued to be net buyers for four months in a row.

The risk-off mode, initially triggered by the move made by the People's Bank of China to devalue the yuan on 11 August, accelerated due to uncertainty over the possible timing of monetary tightening by the US Federal Reserve. The Fed decided to leave interest rates unchanged on 17 September. The Volkswagen scandal and the bankruptcy filing by Japanese bulk carrier Daiichi Chuo Kisen Kaisha on 29 September further dampened investor sentiment.

Daiichi Chuo Kisen Kaisha's bankruptcy protection sent credit default swaps (CDSs) of highly geared companies with cyclical businesses soaring in Japan. However, the corporate sector has gone through a long process of deleveraging over the last two decades and balance sheets of many companies are now cleaner and stronger with more than 50% of Japan's listed companies sitting on net cash. Cash flows continue to improve and lower breakeven points are the result of years of restructuring.

As a result of the recent sharp correction the valuation of Japanese equities has become even more attractive. The TOPIX's prospective PERs for March 2016 and March 2017 are around 13.5 times and 12.5 times respectively based on SMBC Nikko's EPS calculations. During the month of September, we continued to add to those names whose share prices had fallen sharply in spite of their quality and growth prospects, while trimming exposure to those names which had done well under difficult market conditions.

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 % | September 2015 | Year to date | 1 year | 3 years | 5 years | 10 years |
|---------------------------|----------------|--------------|---------------------------------------|---------|---------|----------|
| O accumulation shares | -6.8 | -3.2 | 1.0 | 69.3 | 71.3 | na |
| Percentage growth (O acc) | % | | Share price as at 30 September 2015 p | | | |
| 30 Sep 2014 – 30 Sep 2015 | 1.0 | | O accumulation 167.56 | | | |
| 30 Sep 2013 – 30 Sep 2014 | 8.1 | | C accumulation 169.36 | | | |
| 30 Sep 2012 – 30 Sep 2013 | 55.2 | | | | | |
| 30 Sep 2011 – 30 Sep 2012 | -0.5 | | | | | |
| 30 Sep 2010 – 30 Sep 2011 | 1.7 | | | | | |

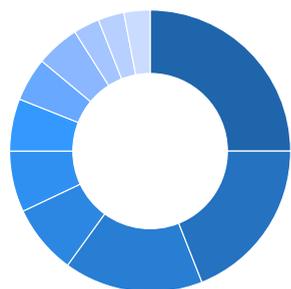
Source: Ruffer LLP

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.

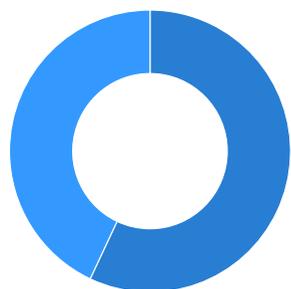
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

CF Ruffer Japanese Fund as at 30 September 2015

Portfolio structure



| Asset allocation | % | | % |
|------------------|----|--------------------------|---|
| • Financial | 25 | • Real Estate | 5 |
| • Industrial | 19 | • Consumer | 5 |
| • Technology | 16 | • Retail | 3 |
| • Auto | 8 | • Energy and commodities | 3 |
| • Services | 7 | • Cash | 3 |
| • Healthcare | 6 | | |



| Currency allocation | % |
|---------------------|----|
| • Sterling | 57 |
| • Yen | 43 |

10 largest of 64 equity holdings

| Stock | % of fund | Stock | % of fund |
|--------------------|-----------|--------------|-----------|
| ORIX | 3.6 | M3 | 3.0 |
| Sony Corp | 3.4 | Rakuten | 3.0 |
| Toyota Motor | 3.1 | Mazda Motor | 2.8 |
| NTT Data | 3.1 | Resona | 2.8 |
| Seven & I Holdings | 3.0 | T&D Holdings | 2.7 |

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 £438.9m

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 | 0.00 |
| 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 | |

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

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 30 September 2015, assets managed by the Ruffer Group exceeded £17.7bn, 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.

Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2015