

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



October 2015 Issue 78

During the period from 1 October to 30 October the price of the fund's O accumulation shares increased by 9.3% from 167.56 pence to 183.12 pence. In the same period the TOPIX on a sterling adjusted basis rose by 7.5%, while the TOPIX in yen went up by 10.4%. As of the close on 30 October the fund was 95.9% invested in equities and its net cash position was 4.1%.

Mazda Motor [7261 JP], SONY [6758 JP], ORIX [8591 JP], T&D Holdings [8795 JP] and Hitachi [6501 JP] were the biggest positive contributors to performance, while Infomart [2492 JP], Ikyu [2450 JP], Nihon M&A Centre [2127 JP], Lifenet Insurance [7157 JP] and NTT Data [9613 JP] provided the largest negative contributions.

October saw a strong rebound in equity prices worldwide thanks to lessening concerns about global economies and to increasing expectations for further monetary easing in some parts of the world. After falling for two months in a row, Japanese equities followed the global trend and staged a solid recovery with big-cap liquid stocks outperforming small-cap illiquid ones. Cyclical names did better than defensive ones as a process of return reversal progressed.

China's manufacturing Purchasing Managers' Index announced on 1 October was better than feared and assuaged worries about slowing economic growth in China and its impact on global economies. The landmark trade-liberalising pact of the Trans-Pacific Partnership (TPP) struck between the US, Japan and ten other countries on 5 October also supported the improving sentiment towards risk assets, although the agreement still requires ratification from lawmakers of the member countries.

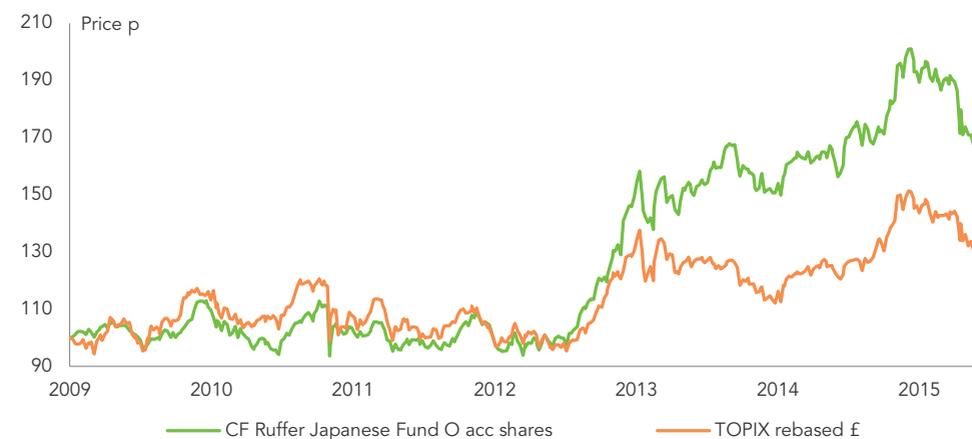
On 23 October the People's Bank of China, China's central bank, cut interest rates for the sixth time in less than a year and lowered reserve requirements in a bid to jump start economic growth. Comments made by Mario Draghi, President of the European Central Bank, on the same day implied a high probability of implementation of further monetary stimulus and this accelerated the risk-on mode. Exporters, manufacturers and other cyclical stocks, which had fallen in August and September, rose rapidly.

Japanese companies started announcing their results for the September quarter at the end of October and, so far, the overall impression has been better than expected. At the time of writing this review, 41.5% of Tokyo Stock Exchange Section 1 companies excluding financials have announced their results, with their sales up by 3% year on year and recurring profits up by 13.4% year on year according to Mitsubishi UFJ Securities' calculation. The September quarter's year on year growth rate was slower than that of the previous quarter. However, profit margins continued to improve with the aggregate recurring profit margin rising to 7.9%, surpassing the previous peak of 7.6% for the September 2007 quarter. This margin improvement has been achieved not only by the depreciation of yen against major currencies but also by lowered breakeven points and higher operational efficiency; the result of many years of restructuring. Judging from our regular visits to and contacts with many Japanese companies, there still seems to be significant scope for further improvement in the corporate sector.

## 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 %	October 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	9.3	5.8	10.0	83.2	92.9	na
Percentage growth (O acc)	%					
30 Sep 2014 – 30 Sep 2015	1.0					
30 Sep 2013 – 30 Sep 2014	8.1					
30 Sep 2012 – 30 Sep 2013	55.2					
30 Sep 2011 – 30 Sep 2012	-0.5					
30 Sep 2010 – 30 Sep 2011	1.7					
		<b>Share price as at 30 October 2015</b>		<b>p</b>		
		<b>O accumulation</b>		<b>183.12</b>		
		<b>C accumulation</b>		<b>185.14</b>		

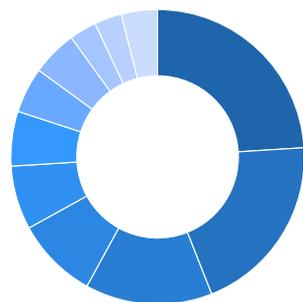
Source: Ruffer LLP

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.

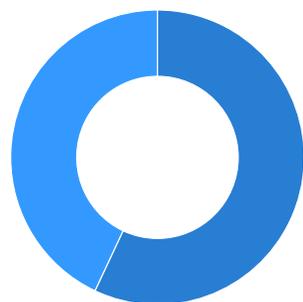
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other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

# CF Ruffer Japanese Fund as at 30 October 2015

## Portfolio structure



Asset allocation	%		%
• Financial	24	• Consumer	5
• Industrial	20	• Real estate	5
• Technology	14	• Energy and commodities	3
• Auto	9	• Retail	3
• Services	7	• Cash	4
• Healthcare	6		



Currency allocation	%
• Sterling	57
• Yen	43

## 10 largest of 64 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	3.9	Seven & I Holdings	2.8
Sony	3.8	T&D Holdings	2.8
Mazda Motor	3.4	Resona	2.5
Toyota Motor	3.1	Dai-ichi Life Insurance	2.3
Rakuten	3.0	Hitachi	2.3

Source: Ruffer LLP

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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 £467.6m

## 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	

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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 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.3bn was managed in open-ended Ruffer funds.

## Dealing line

0345 601 9610

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