

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



December 2015 Issue 80

During the period from 1 December to 31 December the price of the fund's O accumulation shares decreased by 0.8% from 185.87 pence to 184.32 pence. In the same period the TOPIX on a sterling adjusted basis rose by 2.5%, while the TOPIX in yen went down by 2.1%. As of the close on 31 December the fund was 100% invested in equities. During the period, the biggest positive contributors were Nihon Kohden [6849 JP], Ikyu Corporation [2450 JP], Yamato Holdings [9064 JP], Benesse Holdings [9783 JP] and Hamamatsu Photonics [6965 JP]. The most significant detractors from performance were Rakuten [4755 JP], T&D Holdings [8795 JP], SONY [6758 JP], M3 [2413 JP] and Murata Manufacturing [6981 JP].

Over the year to 31 December 2015 the price of the fund's O accumulation shares increased by 6.5% from 173.05 pence to 184.32 pence. In the same period, the TOPIX on a sterling adjusted basis rose by 15.9% while the TOPIX in yen went up by 9.9%. The yen appreciated against the British pound by 5.2%. In terms of attribution, Kao [4452 JP], NTT Data Corporation [9613 JP], Murata Manufacturing [6981 JP], Seven & i Holdings [3382 JP] and Otsuka Corporation [4768 JP] were the biggest positive contributors, while Hitachi [6501 JP], Mazda Motor [7261 JP], Rakuten [4755 JP], Daiwa Securities Group [8601 JP] and SUMCO Corporation [3436 JP] provided the largest negative contributions.

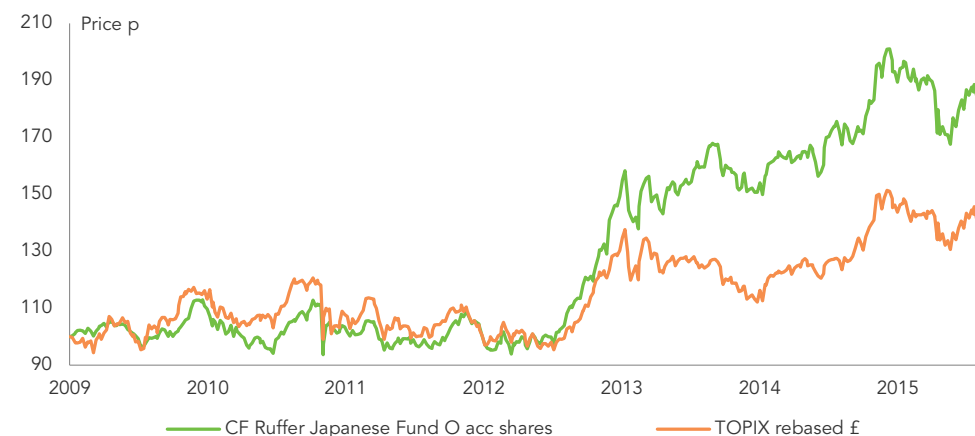
December saw consolidation in equity prices after global stock markets had rebounded strongly for two months in a row. Japanese equities were under profit-taking pressure in line with overseas stock markets. The European Central Bank decided on additional monetary easing on 3 December. However, the details fell short of market expectations. This led to further weakness in equity prices globally, and stock markets in Japan fell in sympathy. The Bank of Japan also announced various minor policy adjustments unexpectedly on 18 December. Japanese equities were initially energised by the announcement with the Nikkei 225 Index jumping by 2.7% from the prior day's closing price. However, detailed examination of the measures led to disappointment and the Index closed down by 4.4% from the day's high. The yen started appreciating against major currencies, and this put downward pressure on equity prices.

Our bullishness on Japanese equities is based on our observation that the domestic corporate sector has gone through its long process of deleveraging and restructuring. Japanese companies' balance sheets are healthy and strong, and they are now benefiting not only from the depreciation of the yen against major currencies but also from lower breakeven points and improved operational efficiencies. Corporates are also gradually changing their priorities with respect to the usage of operating cash flow and are pursuing more efficient capital allocation. A growing number of Japanese companies are gradually increasing wages, carrying out targeted capital investments, improving profitability and enhancing shareholders' returns through higher dividends and share buybacks. Whilst many businesses remain far behind their global counterparts in terms of efficient capital allocation, the combination of the above-mentioned changes is likely to lead to a virtuous circle longer term.

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 %	December 2015	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.8	6.5	6.5	66.4	75.0	na
Percentage growth (O acc)		%				
31 Dec 2014 – 31 Dec 2015		6.5				
31 Dec 2013 – 31 Dec 2014		3.7				
31 Dec 2012 – 31 Dec 2013		50.7				
31 Dec 2011 – 31 Dec 2012		14.3				
31 Dec 2010 – 31 Dec 2011		-8.0				

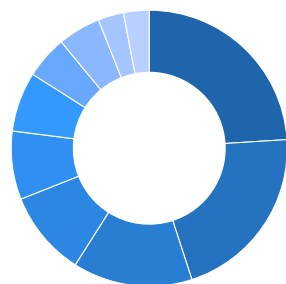
Source: Ruffer LLP

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.

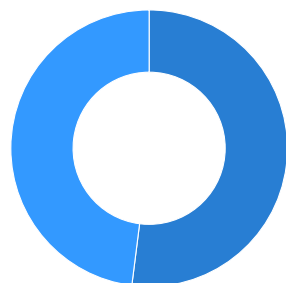
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

CF Ruffer Japanese Fund as at 31 December 2015

Portfolio structure



Asset allocation	%		%
• Financial	24	• Consumer	5
• Industrial	21	• Real estate	5
• Technology	14	• Energy and commodities	3
• Auto	10	• Retail	3
• Services	8		
• Healthcare	7		



Currency allocation	%
• Sterling	52
• Yen	48

10 largest of 61 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	4.1	T&D Holdings	3.0
Mazda Motor	3.8	Rakuten	2.7
Sony Corp	3.6	Resona	2.5
Toyota Motor	3.3	Hitachi	2.4
Seven & I Holdings	3.1	Dai-ichi Life Insurance	2.4

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 £449.5m

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 December 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.3bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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