

# CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



February 2016 Issue 82

During the period from 1 February to 29 February the price of the fund's O accumulation shares decreased by 6.4% from 169.97 pence to 159.08 pence. In the same period the TOPIX on a sterling adjusted basis fell by 1.1%, while the TOPIX in yen went down by 9.4%. As of the close on 29 February, the fund was 96.1% invested in equities and its net cash position was 3.9%.

During this period, the biggest positive contributors to performance were; Nabtesco [6268 JP], Hoshizaki Electric [6465 JP], Mitsubishi Electric [6503 JP], Keyence [6861 JP] and Misumi Group [9962 JP], while Mazda Motor [7261 JP], Resona Holdings [8308 JP], ORIX [8591 JP], Seven & i Holdings [3382 JP] and T&D Holdings [8795 JP] provided the largest negative contributions.

The global risk-off mode continued into the month of February. The yen continued to strengthen against major currencies as global investors sought safe haven assets, which led to a sharp decline in Japanese equity prices. Japanese Government Bond (JGB) prices rose and the entire yield curve shifted lower with 10 year JGB yields falling below 0%.

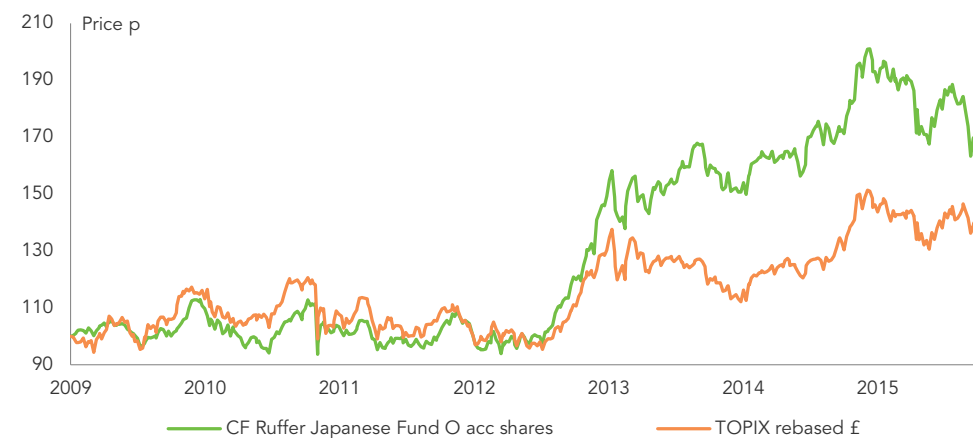
Japanese equities started the month with a rise on 1 February as the yen weakened against major currencies following the Bank of Japan (BoJ)'s 29 January decision to adopt the negative interest rate policy. However, the effect proved to be short-lived, as the yen again started appreciating versus major currencies on concerns about US economic growth, as well as China's economic and currency situation. Global stock prices tumbled further when concerns about Deutsche Bank's ability to pay interest on its 'CoCo' bonds surfaced. Market participants inferred from the US Fed Chair's testimony at US Congress that the Fed is likely to slow down the pace of rate hikes this year, which in turn led to a further appreciation of the yen against the US dollar, and Japanese equity prices fell even further. On 12 February the TOPIX and the Nikkei 225 Index both fell to their lowest levels since October 2014, with the Nikkei 225 Index closing below 15,000 as investor sentiment towards Japanese equities deteriorated very sharply. However, on the same day, Deutsche Bank announced a bond buy-back plan, which eased the concerns about the creditworthiness of major financial institutions. Following this low point, global equities rebounded strongly, with the Nikkei 225 Index recovering to above 16,000 and continuing to hover around this threshold.

We continued the gradual process of recycling within the fund, trimming highly-valued defensive and small-cap stocks and putting the proceeds into lowly-valued names of good quality. We remain mindful that global multi-asset funds continue to favour low-beta defensive stocks with (seemingly) stable cash flows, regardless of their valuations over higher-beta value stocks; with this in mind, we are undertaking our recycling process at a gradual pace. Thanks to the recent sell-off in equities, the valuations of some good quality businesses have become very attractive for those who can take a long-term perspective. We will continue to accumulate such businesses in the fund going forward.

## 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



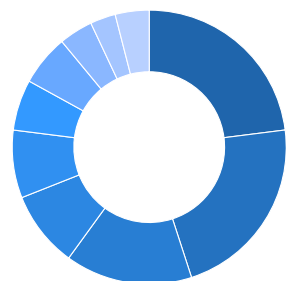
Performance %	February 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-6.4	-13.7	-13.0	30.7	42.8	na

Percentage growth (O acc)	%	Share price as at 29 February 2016	p
31 Dec 2014 – 31 Dec 2015	6.5	<b>O accumulation</b>	<b>159.08</b>
31 Dec 2013 – 31 Dec 2014	3.7	<b>C accumulation</b>	<b>161.02</b>
31 Dec 2012 – 31 Dec 2013	50.7		
31 Dec 2011 – 31 Dec 2012	14.3		
31 Dec 2010 – 31 Dec 2011	-8.0		

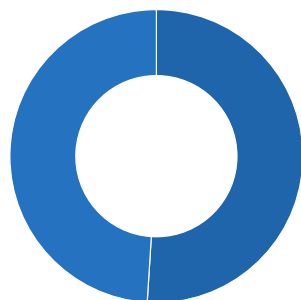
Source: Ruffer LLP

# CF Ruffer Japanese Fund as at 29 February 2016

## Portfolio structure



Asset allocation	%		%
• Industrial	23	• Consumer	6
• Financial	22	• Auto	4
• Technology	15	• Retail	3
• Services	9	• Cash	4
• Healthcare	8		
• Real estate	6		



Currency allocation	%
• Sterling	51
• Yen	49

## 10 largest of 52 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	4.5	SECOM	2.9
Sony	3.6	Nidec Corporation	2.8
M3	3.3	T&D Holdings	2.7
Seven & I	3.2	Rakuten	2.7
Mazda Motor	3.0	NTT Data	2.6

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 £398.2m

## Fund information

%	O class	C class
Ongoing Charges Figure	1.57	1.24
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 29 February 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.2bn was managed in open-ended Ruffer funds.

## Dealing line

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