

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



October 2016 Issue 90

During the period from 1 October to 31 October, the price of the fund's O accumulation units increased by 6.5% from 181.66 pence to 193.45 pence. In the same period, the TOPIX on a sterling adjusted basis rose by 8.0%, while the TOPIX in yen went up 5.3%. As of the close on 31 October, the fund was 97.6% invested in Japanese equities and its net cash position was 2.4%.

ORIX [8591 JP], Fujitsu [6702 JP], Mitsubishi Electric [6503 JP], T&D Holdings [8795 JP] and Dai-ichi Life Holdings [8750 JP] were the biggest positive contributors to performance, while Seven & I Holdings [3382 JP], Rakuten [4755 JP], M3 [2413 JP], Kao [4452 JP] and Kakaku.com [2371 JP] were the most significant detractors.

During the month, we continued to trim some of the fund's existing names. The British pound fell against the yen. We participated in the IPO of Kyushu Railway Company [9142 JP] and initiated a position in a low-valuation, high-beta cyclical name. As of the close on 31 October the fund's exposure to the yen was 12.5%.

October saw a steady rebound in Japanese equity prices on thin trading volumes. Many market participants continued to adopt a wait-and-see attitude before the commencement of the September quarter results announcement season and the US presidential election scheduled for 8 November while modest but persistent buying activity was evident as global macro statistics highlighted an improving trend.

Investor sentiment improved as concern over the stability of Deutsche Bank faded. The ISM Manufacturing Index in the US, announced on 3 October, exceeded the market consensus leading to heightened expectations for an interest rate hike in the US before the end of this year. Stronger poll numbers for Hillary Clinton as well as rising crude oil prices also helped improve sentiment. Rising US equities and the weakening yen against the US dollar supported Japanese share prices. Low-valuation high-beta cyclical stocks outperformed high-valuation low-beta defensive names as the return reversal trend, which started around the end of June this year, continued. The TOPIX in yen regained its highest level in six months.

We spent the first week of October in Tokyo carrying out macro research, returning with a clearer view with regard to the future direction of Japanese government policy. An increasing number of investors appear to have turned their back on Japanese equities partly due to the seemingly slow pace of reform. However we see tangible signs of progress. Sir John Templeton said that bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria. Investors seem to have been in the stage of scepticism for some time now. We continue to aim to identify good businesses with strong long-term prospects on reasonable valuations.

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 2016 | Year to date | 1 year | 3 years | 5 years | 10 years |
|---------------------------|--------------|--------------|--------|---------|---------|----------|
| O accumulation shares | 6.5 | 5.0 | 5.6 | 25.2 | 93.7 | na |
| Percentage growth (O acc) | % | | | | | |
| 30 Sep 2015 – 30 Sep 2016 | 8.4 | | | | | |
| 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 | | | | | |

Source: Ruffer LLP

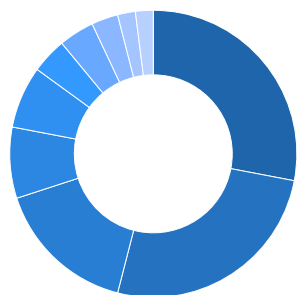
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

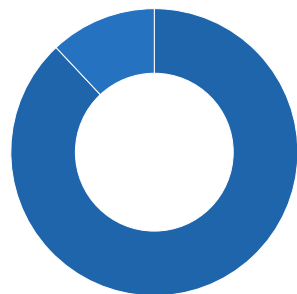
| Share price as at 31 October 2016 | p |
|-----------------------------------|--------|
| O accumulation | 193.45 |
| C accumulation | 196.17 |

CF Ruffer Japanese Fund as at 31 October 2016

Portfolio structure



| Asset allocation | % | | % |
|------------------|----|---------------|---|
| • Industrial | 28 | • Real estate | 4 |
| • Financial | 26 | • Healthcare | 4 |
| • Technology | 16 | • Retail | 3 |
| • Services | 8 | • Auto | 2 |
| • Consumer | 7 | • Cash | 2 |



| Currency allocation | % |
|---------------------|----|
| • Sterling | 88 |
| • Yen | 12 |

10 largest of 52 equity holdings

| Stock | % of fund | Stock | % of fund |
|---------------------|-----------|-------------------------|-----------|
| ORIX | 5.4 | T&D | 3.2 |
| Sony | 5.2 | Seven & I | 3.0 |
| Fujitsu | 4.0 | Tokio Marine | 2.9 |
| Recruit | 3.8 | Dai-ichi Life Insurance | 2.8 |
| Mitsubishi Electric | 3.8 | Rakuten | 2.6 |

Source: Ruffer LLP

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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 £461.9m

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 | 0.04 | 0.31 |
| 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

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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 2016, assets managed by the Ruffer Group exceeded £20.4bn, of which over £11.4bn was managed in open-ended Ruffer funds.

Dealing line

0345 601 9610

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