

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



December 2016 Issue 92

During the period from 1 December to 31 December the price of the fund's O accumulation shares increased by 1.9% from 202.45 pence to 206.39 pence. In the same period, the TOPIX on a sterling adjusted basis rose by 2.1%, while the TOPIX in yen went up by 3.3%. As of the close on 31 December, the fund was 89.3% invested in Japanese equities and its cash position was 10.7%.

Regarding attribution for the period, T&D Holdings [8795 JP], Recruit Holdings [6098 JP], Dai-ichi Life Holdings [8750 JP], Resona Holdings [8308 JP] and Mitsubishi UFJ Financial Group [8306 JP] were the biggest positive contributors, while Infomart [2492 JP], SMC [6273 JP], Fujitsu [6702 JP], Nabtesco [6268 JP] and Misumi Group [9962 JP] provided the largest negative contributions.

The fund's O accumulation units increased by 12.0% from 184.32 pence to 206.39 pence for the calendar year to 31 December 2016. In the same period, the TOPIX on a sterling adjusted basis rose by 20.7% while the TOPIX in yen went down by 1.9%. Mitsubishi Electric [6503 JP], Recruit Holdings [6098 JP], Fujitsu [6702 JP], M3 [2413 JP] and Sony [6758 JP] were the biggest positive contributors to performance, while Mazda Motor [7261 JP], Seven & I Holdings [3382 JP], Hitachi [6501 JP], Mitsubishi Motors [7211 JP] and Toyota Motor [7203 JP] provided the largest negative contributions over the year.

In December, we added to a mid-cap construction company and a gaming and toy manufacturer. We had previously initiated positions in September and November respectively. As of the close on 31 December the fund's exposure to the yen was 3.1%.

The Trump risk asset rally, which started after the US presidential election on 8 November, continued into December. The US dollar kept rising against major currencies while long-dated government bonds fell and equities rose globally. Japanese equities continued their upward trend responding to the falling yen. Financials performed particularly well as long-term interest rates rose. Global equities were also supported by various factors such as the Organization of the Petroleum Exporting Countries (OPEC)'s agreement to cut back its crude oil production for the first time in eight years and the European Central Bank's decision to extend its asset purchase programme on 8 December. The Federal Open Market Committee decided to raise the federal funds target range on 14 December, also stating that interest rate hikes are likely to gather pace in 2017.

We spent the first two weeks of December in Japan, visiting companies in Tokyo, Kyoto and Shiga. In addition one member of the team spent the first week of the month in China, visiting Japanese companies' Chinese operations, their local competitors and attending some macro meetings. Our bullish stance on Japanese equities is based on our observation that the domestic corporate sector has gone through its long process of deleveraging. 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 increasing wages, carrying out targeted capital investment, improving profitability and enhancing shareholders' returns through higher dividends and buybacks.

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 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	1.9	12.0	12.0	23.7	112.9	na

Percentage growth (O acc)	%	Share price as at 30 December 2016	p
31 Dec 2015 – 31 Dec 2016	12.0	O accumulation	206.39
31 Dec 2014 – 31 Dec 2015	6.5	C accumulation	209.40
31 Dec 2013 – 31 Dec 2014	3.7		
31 Dec 2012 – 31 Dec 2013	50.7		
31 Dec 2011 – 31 Dec 2012	14.3		

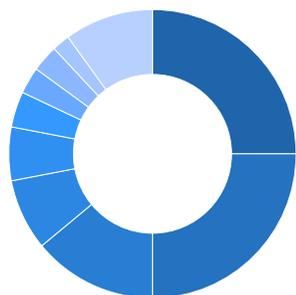
Source: Ruffer LLP

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.

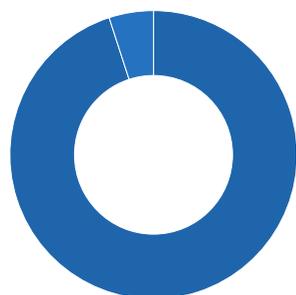
The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Japanese Fund is not registered for distribution in any country other than the UK.

CF Ruffer Japanese Fund as at 30 December 2016

Portfolio structure



Asset allocation	%		%
• Financial	25	• Real estate	4
• Industrial	25	• Healthcare	3
• Technology	14	• Retail	3
• Services	8	• Auto	2
• Consumer	6	• Cash	10



Currency allocation	%
• Sterling	95
• Yen	5

10 largest of 53 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	4.9	T&D Holdings	3.2
Sony Corp	4.2	Dai-ichi Life Insurance	2.9
Mitsubishi Electric	3.6	Tokio Marine	2.7
Fujitsu	3.4	Seven & I Holdings	2.5
Recruit	3.3	Mitsubishi UFJ Financial	2.3

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 £495.7m

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	0.03	0.29
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 31 December 2016, assets managed by the Ruffer Group exceeded £20.6bn, of which over £11.4bn 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 2016