

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



February 2017 Issue 94

During the period from 1 February to 28 February the price of the fund's O accumulation shares increased by 0.1% from 209.61 pence to 209.78 pence. In the same period the FTSE Japan Index on a sterling adjusted basis rose by 1.9%, while the FTSE Japan Index in yen went up by 0.8%. As at the close on 28 February, the fund was 96.6% invested in Japanese equities, its cash position was 3.4% and its exposure to the yen was about 4%.

Regarding attribution for the period, Recruit Holdings [6098 JP], Mitsubishi Motor Corp [7211 JP], ORIX [8591 JP], Tokio Marine Holdings [8766 JP] and Optex [6914 JP] were the biggest positive contributors, while kakaku.com [2371 JP], Mitsubishi Heavy Industries [7011 JP], Mitsubishi Electric Corp [6503 JP], NTT Data Corp [9613 JP] and Mazda Motor Corp [7261 JP] provided the largest negative contributions.

During February Japanese equities traded within a narrow range of less than 3.5% and the FTSE Japan Index finished the month slightly higher. The yen continued to rebound and increased by over 1% versus sterling. The month saw a steady flow of positive corporate news and macro statistics but, as usual, Japanese equities were mainly driven by forex movements.

In the first half of the month investors focused on the first Japan-US summit meeting scheduled for 10 and 11 February, while in the second half of the month global investors worried about President Donald Trump's speech to Congress scheduled for 28 February. Prime Minister Shinzo Abe and President Trump held their first official meeting in Washington DC on 10 February and played 27 holes of golf together in Florida on 11 February. Investors had feared that the president might take a tough stance on the Bank of Japan's monetary policies, the US dollar-yen exchange rate and the trade imbalance between the two countries, especially in the automobile sector. However, the outcome of the meeting was viewed positively in the absence of any major criticism. President Trump's speech to Congress was also far more conventional than feared. This led to a relief in the financial markets.

All Japanese companies with a financial year-end of 31 March listed on the Tokyo Stock Exchange's First Section announced their results for the December 2016 quarter by around the middle of February. According to Mitsubishi UFJ Morgan Stanley Securities, excluding financial companies, sales decreased by c2% year-on-year while recurring profits increased by c14% year-on-year in spite of the appreciation of the yen against major currencies. This was also reflected in some macro data. According to Financial Statement Statistics of Corporations compiled by the Ministry of Finance, for the December 2016 quarter, sales of all industries, manufacturing industries and non-manufacturing industries changed by +2%, -0.1% and +3% year-on-year respectively. Recurring profits increased by 17%, 25% and 13% year-on-year respectively. This was achieved in spite of the stronger yen against major currencies.

This improvement of recurring profit margins at a time of a stronger yen is remarkable. The resilience of Japanese companies to currency fluctuations seems to have been achieved by their long-term strategy of 'local production for local consumption'. Companies have diversified their production capacity geographically and continued to lower costs while maintaining a high level of research and development spend.

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.

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



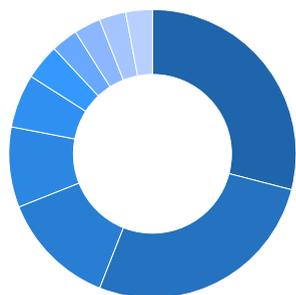
Performance %	February 2017	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.1	1.6	31.9	33.0	98.8	na	
Percentage growth (O acc)	%		Share price as at 28 February 2017				p
31 Dec 2015 – 31 Dec 2016	12.0		O accumulation		209.78		
31 Dec 2014 – 31 Dec 2015	6.5		C accumulation		212.94		
31 Dec 2013 – 31 Dec 2014	3.7		C income		100.30		
31 Dec 2012 – 31 Dec 2013	50.7						
31 Dec 2011 – 31 Dec 2012	14.3						

Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

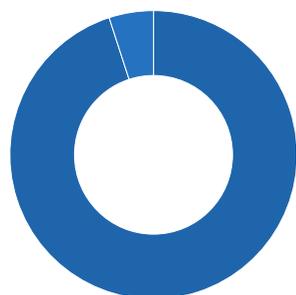
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Japanese Fund as at 28 February 2017

Portfolio structure



Asset allocation	%		%
• Financial	29	• Real estate	4
• Industrial	27	• Healthcare	3
• Technology	13	• Auto	3
• Services	9	• Retail	3
• Consumer	6	• Cash	3



Currency allocation	%
• Sterling	95
• Yen	5

10 largest of 57 equity holdings

Stock	% of fund	Stock	% of fund
ORIX	4.8	Fujitsu	3.5
Sony	4.5	Dai-ichi Life Insurance	3.2
Recruit	4.0	Tokio Marine	2.9
Mitsubishi Electric	3.7	Seven & I Holdings	2.5
T&D Holdings	3.7	Mitsubishi UFJ Financial	2.4

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 £499.4m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.55	1.25
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.03	0.28
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 (acc)	GB00B846SB60 (acc) GB00B88MBW20 (inc)
SEDOL	B3SGKR7 (acc)	B846SB6 (acc) B88MBW2 (inc)

Investment adviser Ruffer LLP

ACD Capita Financial Managers Limited

Depository BNY Mellon Trust & Depository (UK) Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of CF Ruffer Investment Funds (OEIC)
UK domiciled UCITS
Eligible for ISAs

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 28 February 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which over £11.7bn was managed in open-ended Ruffer funds.

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* Refers to accumulation shares

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