

CF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



June 2017 Issue 98

During the period from 1 June to 30 June the price of the fund's O accumulation shares increased by 0.9% from 216.64 pence to 218.61 pence. In the same period the FTSE Japan Total Return Index on a sterling-adjusted basis remained flat, while the FTSE Japan Total Return Index in yen gained 2.7%. As of the close on 30 June, the fund was 92% invested in Japanese equities, its cash position was 8% and its exposure to the yen was about 30%.

Regarding attribution for the above-mentioned period, Sony [6758 JP], T&D [8795 JP], Dai-ichi Life [8750 JP], SMFG [8316 JP] and MUFG [8306 JP] were the largest positive contributors, while Hazama Ando [1719 JP], Sumco [3436 JP], Nomura Real Estate [3231 JP], Kao [4452 JP] and Yamato Holdings [9064 JP] provided the largest negative contributions.

The TOPIX surpassed its previous year-to-date highs this month – it started the period at 1,569 and ended at 1,612, having achieved highs of 1,625 just prior on 29 June. The stock market has, as usual, been influenced by the direction of the yen, but gains seem to be outpacing those justified by currency alone, particularly in the value/cyclical space, where stocks seem to be resisting downside even when the yen has been strengthening. With USD/JPY weakening to 113.5 in the first few days of July, the market has now pushed on even higher.

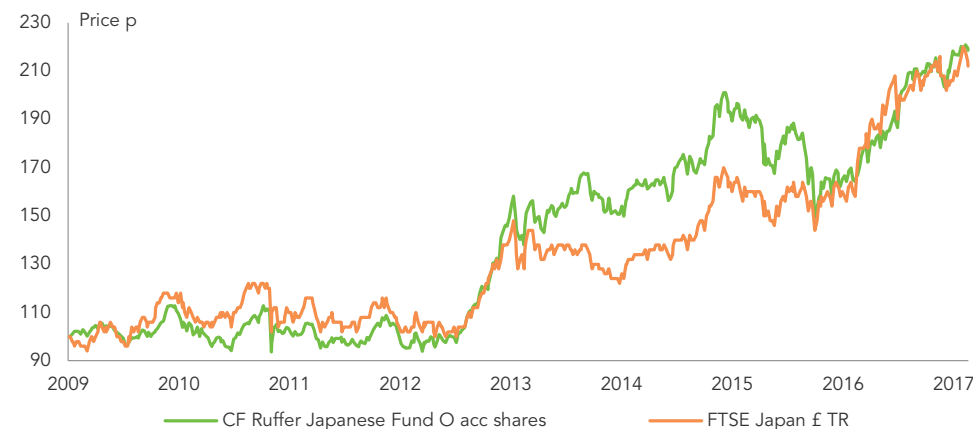
The latter part of June has seen early signs of a rotation away from highly rated, low volatility stocks towards lower rated cyclical stocks. This rotation has gathered more pace in early July, and has seen our financial holdings do particularly well. As mentioned above, these and other cyclical stocks have stood out for holding their ground even on days when the yen has strengthened. Noting that this trend has potentially further to run, we have been reviewing our portfolio and making some tweaks towards value/cyclical names where appropriate.

Ruffer had several of its research team in Tokyo for one or two week periods in the first half of June. The feedback has been broadly positive, with greater conviction gained on inflationary pressures building in the economy, most notably due to tightening labour market dynamics. We need to tread carefully before making investments based on forecasts for rising wages, consumption, and broader CPI inflation. Developments are likely to be non-linear in many cases, with certain industries and firms experiencing sharp margin contraction from wages and other input costs before feeling sufficiently compelled to pass on these pressures through their own price hikes. This complication is less applicable to our financial holdings, which should continue to benefit more straightforwardly from rising yields as well as cyclical rotation.

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 % | June 2017 | Year to date | 1 year | 3 years | 5 years | 10 years | |
|---------------------------|-----------|--------------|---------------------------------------|---------|---------------|----------|----------|
| O accumulation shares | 0.9 | 5.9 | 31.1 | 34.2 | 116.5 | na | |
| Percentage growth (O acc) | % | | Share price as at 30 June 2017 | | | | p |
| 30 Jun 2016 – 30 Jun 2017 | 31.1 | | O accumulation | | 218.61 | | |
| 30 Jun 2015 – 30 Jun 2016 | -12.0 | | C accumulation | | 222.13 | | |
| 30 Jun 2014 – 30 Jun 2015 | 16.4 | | C income | | 104.63 | | |
| 30 Jun 2013 – 30 Jun 2014 | 11.8 | | | | | | |
| 30 Jun 2012 – 30 Jun 2013 | 44.3 | | | | | | |

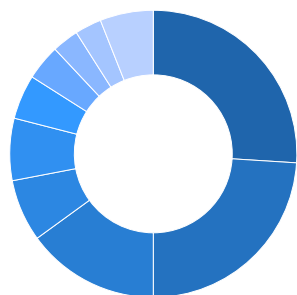
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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.

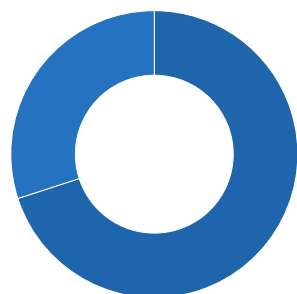
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

CF Ruffer Japanese Fund as at 30 June 2017

Portfolio structure



| Asset allocation | % | | % |
|------------------|----|---------------|---|
| • Industrial | 26 | • Healthcare | 5 |
| • Financial | 24 | • Real estate | 4 |
| • Technology | 15 | • Auto | 3 |
| • Consumer | 7 | • Retail | 3 |
| • Services | 7 | • Cash | 6 |



| Currency allocation | % |
|---------------------|----|
| • Sterling | 70 |
| • Yen | 30 |

10 largest of 64 equity holdings

| Stock | % of fund | Stock | % of fund |
|---------------------|-----------|--------------------------|-----------|
| Sony Corp | 4.9 | Dai-ichi Life Insurance | 2.7 |
| ORIX | 4.1 | Keyence | 2.4 |
| Fujitsu | 3.9 | Tokio Marine | 2.4 |
| T&D Holdings | 3.2 | Seven & I Holdings | 2.3 |
| Mitsubishi Electric | 3.2 | Mitsubishi UFJ Financial | 2.2 |

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 £549.7m

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 | 0.23 |
| 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 30 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

Dealing line 0345 601 9610

* Refers to accumulation shares

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