

# LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



March 2018 Issue 107

During March, the price of the fund's O accumulation shares decreased by 3.3%, from 247.73 to 239.53. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis decreased by 3.4%, while the FTSE Japan Total Return Index in yen decreased by 2.8%. As at the close of the month, the fund was 97% invested in Japanese equities, its cash position was 3% and its exposure to the yen was 50%.

Regarding attribution for the above-mentioned period, Daiichi Sankyo [4568 JP], Otsuka Corporation [4768 JP], Peptidream [4587 JP], M3 [2413 JP], and Yamato [9064 JP] were the biggest positive contributors, while Fujitsu [6702 JP], Dai-ichi Life [8750 JP], Mitsubishi UFJ [8306 JP], NTT Data [9613 JP], and Resona [8308 JP] provided the largest negative contributions.

The first quarter has proved notable for global financial markets, with an equity market sell-off at the start of February that was ignited by strong data and associated fears of rising interest rates. The decline in Japanese equities was just as large as that of US equities, despite the various relative attractions that we see in Japanese equities that might argue against the rationality of this price behavior. As is its custom, the yen performed as a risk-off currency, with the fund fortunately protected by put options as well as a higher yen weighting (reduced again just before quarter end) than we typically carry. This resulted in lower volatility than the index over the period.

The beginning of the month saw various members of the Japan team spend two weeks in Tokyo visiting companies. The picture from most corporates regarding the domestic economic situation continues to be positive, with rising inflationary pressures notable in certain pockets, including blue collar wages and software engineers. This feedback reinforces our conviction for the theme of efficiency-enhancing IT and technology, which is well represented within the fund. On this note, we had an enlightening visit to a site of Mitsubishi Electric that focusses on its factory automation line-up, as well as visits to a few smaller cap companies working on technology-oriented efficiency solutions for various end markets including healthcare and manufacturing. These visits have resulted in some new holdings being added to the fund.

We also briefly visited Taiwan, meeting important companies within the global technology supply chain which proved instructive for our stance on a number of technology-related holdings within the fund. Despite the scope for some short-medium term cyclical headwinds, we remain very positive on the long-term prospects of a number of Japan's leading technology firms, and this is reflected within the fund's weightings.

## Investment objective

The investment objective of LF 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 %	March 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-3.3	-1.3	14.5	23.9	81.3	na

Percentage growth (O acc)	%	Share price as at 29 March 2018	p
31 Mar 2017 – 31 Mar 2018	14.5	O accumulation	239.53
31 Mar 2016 – 31 Mar 2017	27.0	C accumulation	243.93
31 Mar 2015 – 31 Mar 2016	-14.8	C income	114.59
31 Mar 2014 – 31 Mar 2015	23.4		
31 Mar 2013 – 31 Mar 2014	18.6		

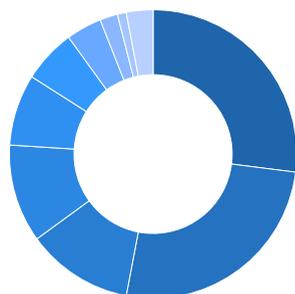
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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

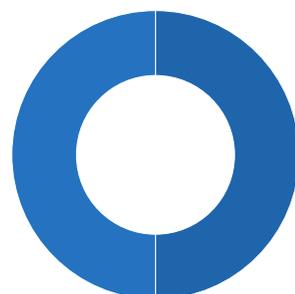
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Japanese Fund as at 29 March 2018

## Portfolio structure



Asset allocation	%		%
• Industrial	27	• Services	6
• Financial	26	• Real estate	4
• Technology	12	• Retail	2
• Healthcare	11	• Auto	1
• Consumer	8	• Cash	3



Currency allocation	%
• Yen	50
• Sterling	50

## 10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Sony	4.7	Fujitsu	2.9
ORIX	4.3	Dai-ichi Life Insurance	2.5
Daiichi Sankyo	3.3	Tokio Marine	2.3
Mitsubishi Electric	3.2	Otsuka	2.3
T&D Holdings	3.0	Seven & I Holdings	2.2

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 £558.8m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.54	1.24
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.00	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 Link Fund Solutions Limited

Depository The Bank of New York Mellon (International) Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of LF 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 LF Ruffer Japanese Fund.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 March 2018, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.6bn 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](http://www.ruffer.co.uk)

## Dealing line

0345 601 9610

\* Refers to accumulation shares

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