

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During May, the price of the fund's O accumulation shares increased by 0.2%, from 247.67 pence to 248.18 pence. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis rose by 2.6%, while the FTSE Japan Total Return Index in yen declined 1.7%. As of the close on 31 May, the fund was 98% invested in Japanese equities, its cash position was 2%, and its exposure to the yen was 45%.

Regarding attribution, GMO Internet [9449 JP], Uzabase [3966 JP], Recruit Holdings [6098 JP], JCR Pharmaceutical [4552 JP] and Hamamatsu Photonics [6965 JP] were the biggest positive contributors, while Otsuka Corporation [4768 JP], T&D Holdings [8795 JP], Mitsubishi Electric [6503 JP], Daiichi Sankyo [4568 JP] and ORIX [8591 JP] provided the largest negative contributions.

We continued to trim positions that have performed well with a slight bias toward companies with smaller market capitalisations. Larger Japanese market cap companies had outperformed in April but in the first few weeks of May we saw the recovery strengthen, highlighted by the eye-catching performance of many small and mid-cap stocks. This was reflected in the fund with many of the top performers coming from this category. The last week of May, however, saw market sentiment reverse, with the return of trade frictions and a strengthened yen which led to a decline in Japanese equities.

By mid-May, Japanese companies had finished reporting their earnings covering the three month period up to the end of March. This has been a particularly busy period as many companies have also announced their new three year medium term plans. This is standard practice across corporate Japan but increased focus by institutional investors on capital allocation and governance have led to improved transparency and a greater substance to these strategy updates.

Overall, the earnings performance in the fourth quarter and for the full year ending in March was impressive. For the year, TOPIX First Section companies' aggregate revenue and net profit rose 7% and 21% respectively. Commodity related sectors performed the strongest but the growth was broad based. In general, companies have been cautious in setting guidance for the new financial year with sales and earnings forecasts below consensus estimates. The defining feature of this earnings season though has been shareholder returns. For example, for the period from January to the end of May the total value of share buybacks was up 26% year on year. In addition, whilst previous years have been dominated by very large buybacks, there has been a record number in the medium size range in 2018. Based on initial guidance 35% of companies plan to increase their dividend payout ratios in the year ending March 2019.

June will see the team visiting companies in Tokyo, Osaka and Kyoto. The focus of this trip will be television and advertising companies. In addition we will be holding meetings with various technology companies which are held in the fund.

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 %	May 2018	Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	0.2	2.3	14.6	26.2	71.9	na	
Percentage growth (O acc)	%		Share price as at 31 May 2018				p
31 Mar 2017 – 31 Mar 2018	14.5		O accumulation				248.18
31 Mar 2016 – 31 Mar 2017	27.0		C accumulation				252.87
31 Mar 2015 – 31 Mar 2016	-14.8		C income				118.79
31 Mar 2014 – 31 Mar 2015	23.4						
31 Mar 2013 – 31 Mar 2014	18.6						

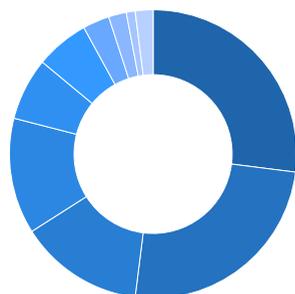
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. 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.

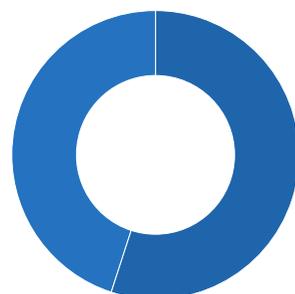
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

LF Ruffer Japanese Fund as at 31 May 2018

Portfolio structure



Asset allocation	%		%
• Industrial	27	• Services	6
• Financial	25	• Real estate	3
• Healthcare	14	• Retail	2
• Technology	13	• Auto	1
• Consumer	7	• Cash	2



Currency allocation	%
• Sterling	55
• Yen	45

10 largest of 66 equity holdings

Stock	% of fund	Stock	% of fund
Sony	5.0	Mitsubishi Electric	3.0
ORIX	4.4	Dai-ichi Life Insurance	2.7
Daiichi Sankyo	3.4	Tokio Marine	2.7
T&D Holdings	3.2	Keyence	2.2
Fujitsu	3.1	Sumitomo Mitsui Financial	2.1

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 £549.7m

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 May 2018, assets managed by the Ruffer Group exceeded £22.4bn, of which over £14.1bn was managed in open-ended Ruffer funds.

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* Refers to accumulation shares

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