

# LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During the three months from 1 October to 31 December 2019, the price of the fund's O accumulation shares increased by 3.2%, from 264.44p to 273.03p. In the same period the FTSE Japan Total Return Index on a sterling adjusted basis was unchanged, while the FTSE Japan Total Return Index in yen rose by 8.4%. As of the close on 31 December, the fund was 97% invested in Japanese equities and other financial instruments, its cash position was 3%, and exposure to the yen was 97%.

Regarding attribution for the period, Fujitsu [6702 JP], Sony [6758 JP], Murata Manufacturing [6981 JP], Shimadzu [7701 JP] and Orix [8591 JP] were the biggest positive contributors, while Rakuten [4755 JP], East Japan Railway [9020 JP], Mercari [4385 JP], Nihon Kohden [6849 JP] and Takeda Pharmaceutical [4502 JP] were the most significant detractors.

From 1 January to 31 December, the price of the fund's O accumulation units increased by 22.7% from 222.50p to 273.03p. In the same period, the FTSE Japan Total Return Index on a sterling adjusted basis rose by 14.0% while the FTSE Japan Total Return Index in Yen increased 18.3%. Daiichi Sankyo [4568 JP], Fujitsu [6702 JP], Sony [6758 JP], M3 [2413 JP] and Keyence [6861 JP] were the biggest positive contributors, while Yamato Holdings [9064 JP], Nihon Kohden [6849 JP], T&D Holdings [8795 JP], Resona Holdings [8308 JP] and SBI Holdings [8473 JP] provided the largest negative contributions.

In the fourth quarter the team looked further into various sub-sectors of the semiconductor industry concluding that power semiconductors offer excellent growth potential. Electrification of autos and rising demand for energy efficiency across many industries are enabled by the use of power semiconductors. We increased the fund's exposure to this theme with a new name as well as adding to existing ones. On the other hand, we trimmed the fund's exposure to the pharmaceutical sector following significant outperformance.

Back in spring 2017 we started building positions in the pharmaceutical sector focusing on a small number of companies which had been developing unique drug delivery systems. These systems are designed to enhance drug efficacy and reduce side-effects. We continued to increase the fund's exposure into 2019. These companies have been achieving promising results in their clinical trials surpassing our expectations with their share prices discounting a higher probability of success. While we remain positive on their prospects, we began trimming the fund's exposure to reduce concentration risk and partially invested proceeds into another company with a subsidiary developing its own unique drug delivery system.

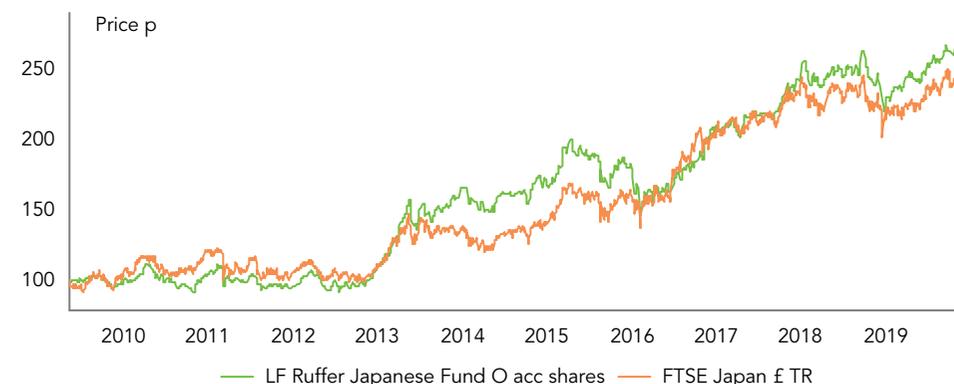
In general, we have a cautious view on the pharmaceutical sector, particularly in Japan, as we think drug prices are too high and returns on R&D are likely to continue to decline. Thanks to the advancement of IT, doctors now have improved access to data on efficacy and side effects. On the other hand, it is becoming more difficult for pharmaceutical companies to generate enough revenue to recover their R&D costs. Under such conditions we think that efficient and reliable drug delivery systems are likely to become a more important differentiating factor.

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.

## 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 %	Q4	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.2	22.7	22.7	32.3	57.8	174.6

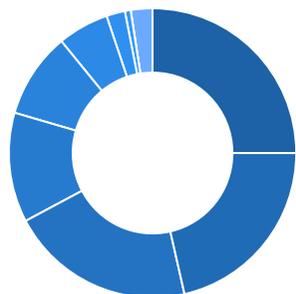
Percentage growth (O acc)	%	Share price as at 31 December 2019	p
31 Dec 2018 – 31 Dec 2019	22.7	O accumulation	273.03
31 Dec 2017 – 31 Dec 2018	-8.3	C accumulation	279.52
31 Dec 2016 – 31 Dec 2017	17.6	C income	130.20
31 Dec 2015 – 31 Dec 2016	12.0		
31 Dec 2014 – 31 Dec 2015	6.5		

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.

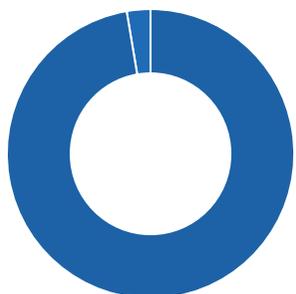
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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

# LF Ruffer Japanese Fund as at 31 Dec 2019

## Portfolio structure



Asset allocation	%		%
• Industrial	24.9	• Auto	2.0
• Healthcare	21.5	• Retail	0.6
• Technology	20.8	• Options	0.1
• Financial	12.2	• Cash	2.4
• Consumer	9.7		
• Services	5.8		



Currency allocation	%
• Yen	97.4
• Sterling	2.6

## 10 largest of 45 equity holdings

Stock	% of fund	Stock	% of fund
Sony	6.2	Mitsubishi Electric	3.9
Daiichi Sankyo	6.2	Keyence	3.8
Fujitsu	6.1	Hoya	3.0
ORIX	5.1	Shimadzu	2.9
Tokio Marine	4.5	Rakuten	2.6

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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 **£535.3m**

## 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	0.24	0.51
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month	
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month	
ISIN	O class GB00B3SGKR77 (acc)	C class 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	Ernst & Young LLP	
Structure	Sub-fund of LF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

\*Refers to accumulation shares

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## 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 30 November 2019, assets managed by the Ruffer Group exceeded £19.8bn.

## Dealing line

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