

# LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During the three month period from 1 July to 30 September the price of the fund's O accumulation shares increased by 4.9% while the FTSE Japan Total Return Index on a sterling adjusted basis and in yen went up by 2.5% and 4.8% respectively.

Year-to-date, the fund has generated a total return of 17.4% while the FTSE Japan Total Return Index has returned 2.5% in sterling and -3.0% in yen. Regarding attribution, Daiichi Sankyo, M3, Fujitsu, Lifenet Insurance and Keyence were the biggest positive contributors, while ORIX, Tokio Marine Holdings, Sumco, Mandom and Recruit Holdings provided the largest negative contributions.

During the quarter, we increased the fund's exposure to one of our major holdings in the IT services and software sector and initiated a small position in a Fintech company. We also hedged c 80% of the fund's yen exposure at the beginning of August. This has worked against us so far as GBP has depreciated against JPY. Japanese equities continue to rebound with the TOPIX rising 4.3% in local currency. Liquidity continued to command a premium as large cap stocks outperformed. This was evidenced by the TOPIX Second Section Index (a collection of smaller cap stocks) falling by 5.7% over the same period. There have been several attempted rallies by small cap value stocks since the March lows, but each time these have proven short-lived. The fund has maintained its large cap focus.

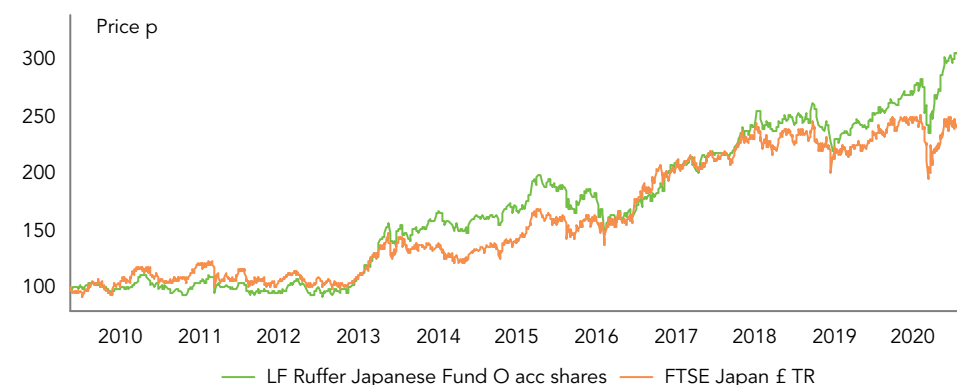
The biggest news in terms of sentiment was Prime Minister Abe's resignation, which was announced on Friday 28 August, and stock prices fell sharply towards the end of the trading session. However expectations for Abenomics became extinct a long time ago. This is demonstrated by foreign investors having sold more Japanese equities than they had bought since the arrival of Abenomics in 2012. Many of them gave up on Japan, feeling frustrated by the seemingly slow pace of the reform. The reality of the corporate sector is far better than investors' perceptions. Japanese corporates completed the long process of deleveraging in spring 2011. The government carried out deregulation in many areas, mainly on a micro-economic basis. In addition, Japanese companies are now paying more attention to efficient capital allocation. The Liberal Democratic Party (LDP), the incumbent party, is likely to remain in power for some time as opposition parties are in total disarray.

Mr Suga, Chief Cabinet Secretary, won the LDP party leadership contest by a considerable margin and was sworn in as the new prime minister. This was the best scenario in terms of continuity of both fiscal and monetary policies. Suga formed his new cabinet quickly and launched his major initiatives, concentrating more on micro-economic policies and deregulation than on sweeping policies. Suga is acutely aware of the long-term underinvestment in IT infrastructure and we expect an acceleration of government support for IT capex and digital transformation. Many companies in the IT services and software sector are likely to benefit from this strong structural tailwind going forward and, in this regard, we feel the fund is well placed.

## 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



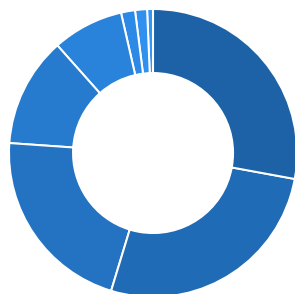
Performance %	Q3 Year to date	1 year	3 years	5 years	10 years	
O accumulation shares	4.9	17.4	21.2	43.9	91.3	227.8

Percentage growth (O acc)	%	Share price as at 30 September 2020	p
30 Sep 2019 – 30 Sep 2020	21.2	<b>O accumulation</b>	<b>320.59</b>
30 Sep 2018 – 30 Sep 2019	0.2	<b>C accumulation</b>	<b>328.95</b>
30 Sep 2017 – 30 Sep 2018	18.4	<b>C income</b>	<b>153.08</b>
30 Sep 2016 – 30 Sep 2017	22.7		
30 Sep 2015 – 30 Sep 2016	8.4		

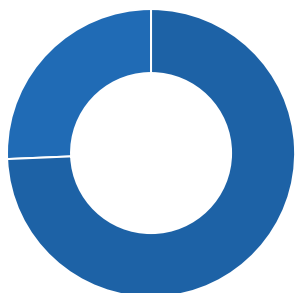
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

# LF Ruffer Japanese Fund as at 30 Sep 2020

## Portfolio structure



Asset allocation	%		%
• Technology	27.8	• Auto	1.7
• Industrial	26.9	• Services	1.3
• Healthcare	21.4	• Cash	0.6
• Financial	12.4		
• Consumer	7.9		



Currency allocation	%
• Sterling	74.3
• Yen	25.7

## 10 largest of 38 equity holdings

Stock	% of fund	Stock	% of fund
Fujitsu	7.0	ORIX	4.4
Daiichi Sankyo	6.5	Mitsubishi Electric	4.3
Sony	5.8	Lifenet Insurance	4.0
NEC	4.6	Hoya	4.0
Keyence	4.4	Tokio Marine	4.0

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

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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 **£478.5m**

## 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	0.09
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 31 August 2020, assets managed by the Ruffer Group exceeded £19.9bn.

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