

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



March 2021 Issue 125

During the three month period from 1 January to 31 March, the price of the fund's O accumulation shares increased by 1.8%, while the FTSE Japan Total Return Index on a sterling adjusted basis and in yen went up by 1.5% and 9.3% respectively. The top contributors to performance over the quarter were ORIX, Rakuten, Sony, NEC and Fuji Electric. The largest negative contributors were Lifenet, Keyence, M3, Daiichi Sankyo and Hoya. For the last twelve month period, the fund's O accumulation shares generated a return of 42.7%, while the FTSE Japan Total Return returned 26.3% in sterling and 43.8% in yen.

The Japanese stock market continued to rebound in the new year. Whilst Japan is lagging behind developed market peers in its vaccine rollout, the general direction of travel remains positive. A strong earnings season in February, along with expectations of further US fiscal stimulus led the Nikkei 225 to reach its highest level since August 1990. US Treasury yields have continued to rise with market speculation on the future path of inflation reaching fever pitch. The focus in March was central bank meetings, with the US Fed unsurprisingly pledging to keep rates close to zero until at least 2023. On the other hand, the Bank of Japan, which began its second major quantitative easing programme in 2013 and introduced negative rates in 2016, announced its latest iteration aiming to keep a balance between stimulus and a healthy financial system.

Against this backdrop, so-called 'value' stocks continued to broadly outperform 'growth' equities. Rather than viewing investment through this lens, our focus remains on how our investee companies are performing operationally and assessing their capital allocation decisions. In the latter area, for example, we were encouraged by Fuji Electric's decision to reduce its cross-shareholdings and allocate proceeds to further power semiconductor capacity and Hamamatsu Photonics' rising investment in automotive LiDAR sensors. Contrary to some lingering negative top-down macro views on Japan, the reality at corporate level is of a quickening pace of innovation and disruption. We are excited about developments across many industries including payments, ecommerce, telemedicine, telco network infrastructure and broad-based digitalisation.

New entrants challenging the incumbents and companies creating their own market have been highlighted by the increasing pace of IPOs over the last six months. Given the far lower level of venture capital funding, compared to the US for example, we often see Japanese start-ups listing at an earlier stage. For the most part, we are just observing these companies, given our assumption we are in the later stages of a global equity bull market. We thus continue to prioritise liquidity, with the average market cap of our holdings currently \$37 billion.

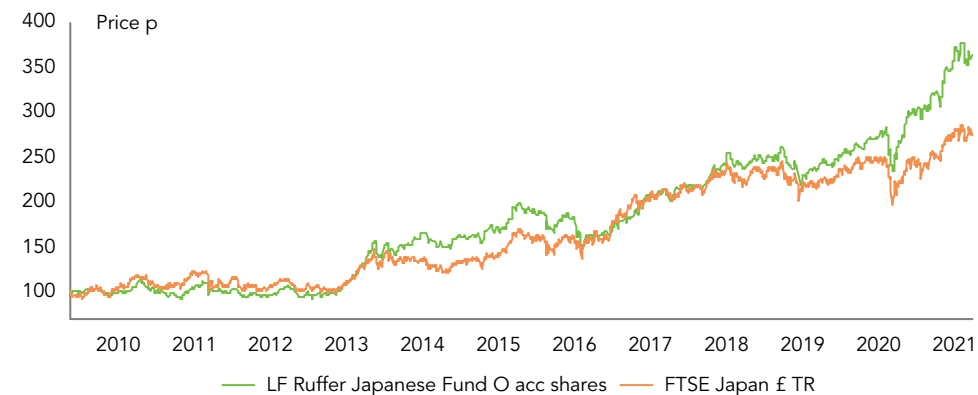
Our core strategy at this stage of the current stock market cycle continues to be to identify multi-year investment cases which, we hope, will deliver strong performance on a long-term basis. We prefer to sit on our hands through thick and thin, avoiding short-term trading. We think all of the fund's current 39 equities to be materially undervalued when looked at through this multi-year lens.

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.

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



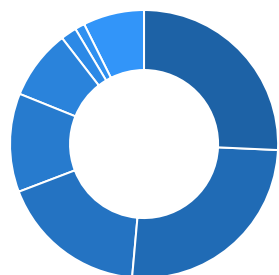
O accumulation shares	Performance %	Share price as at 31 March 2021	p
Q1	1.8	O accumulation	365.56
Year to date	1.8	C accumulation	375.64
1 year	42.7	C income	174.81
3 years	52.6		
5 years	121.8		
10 years	248.1		

12 month performance to March %	2017	2018	2019	2020	2021
LF Ruffer Japanese Fund O acc shares	27.0	14.5	0.9	6.1	42.7
FTSE Japan £ TR	32.8	7.5	-0.9	-2.1	26.3

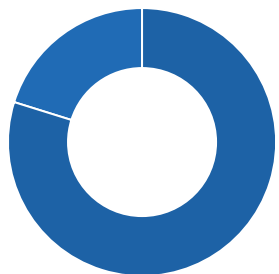
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer Japanese Fund as at 31 Mar 2021

Portfolio structure



Asset allocation	%		%
• Technology	25.8	• Auto	1.8
• Industrial	25.6	• Services	1.3
• Healthcare	17.8	• Cash	7.3
• Financial	11.9		
• Consumer	8.4		



Currency allocation	%
• Sterling	79.8
• Yen	20.2

10 largest of 39 equity holdings

Stock	% of fund	Stock	% of fund
Sony	6.0	NEC	4.3
Fujitsu	5.5	Keyence	3.9
ORIX	5.1	Rakuten	3.8
Daiichi Sankyo	5.0	Hoya	3.8
Mitsubishi Electric	4.5	Tokio Marine	3.7

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.

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

Fund size £488m

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	0.00	0.06
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 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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