

# LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During the three month period from 1 April to 30 June the price of the fund's O accumulation shares increased by 0.9% while the FTSE Japan Total Return Index decreased by 0.7% in sterling and went up by 0.1% in yen. The top contributors to performance over the quarter were Fujitsu, Hoya, Toyota Motor, Keyence and Roland. The largest negative contributors were Daiichi Sankyo, NEC, Sony, Nabtesco and Rakuten. For the last twelve month period, the fund's O accumulation shares generated a return of 20.7% while the FTSE Japan Total Return returned 12.3% in sterling and 28.8% in yen.

During the June quarter, we sold out of seven holdings and trimmed five. On the other hand, we bought more shares in two existing names and initiated a position in one new name. This reduced the number of holdings in the fund from 39 to 33. As we sold a number of relatively illiquid small cap stocks, the fund now consists of mainly very liquid large cap stocks with multi-year investment cases.

The Japanese equity market started struggling compared with other developed markets around the middle of February and the sluggishness continued into the June quarter. Reasons for this included greater divergence in valuations between 'growth' and 'value' stocks in the US and Europe than in Japan at the beginning of 2021, the re-emergence of covid-19 in Japan in February and subsequent delays in vaccination, and geopolitical issues stemming from the US-China hegemony battle. In addition to this, many Japanese companies provided quite conservative guidance during the results announcement season mid-April to mid-May.

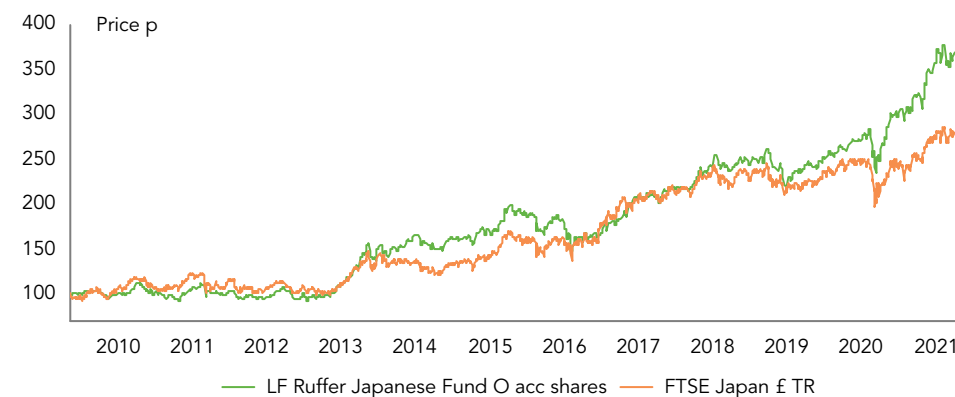
Some of these negative factors have started to fade. In particular, the issue of delays in vaccination has been addressed by the Japanese government and they reached one million daily doses by the end of June. Japan now looks on target to complete vaccination for those aged 65 years and above by the end of July and 40% of the population by the end of August. On the back of this, Prime Minister Suga is expected to dissolve the Lower House of Parliament in September and to call for a general election. As opposition parties continue to be in disarray, the Liberal Democratic Party is likely to maintain a simple majority. We also expect some Japanese companies to start revising up their guidance later this summer.

Our fundamental view on the stock market cycle and macroeconomic cycle remains the same: we are in the late stage of a prolonged bull market and economic expansion which started in March 2009 and was temporarily disrupted by the institutional responses to covid-19. We think the combination of quality and liquidity continues to be important at this stage of the current market cycle.

## 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 30 June 2021 | p             |
|-----------------------|---------------|--------------------------------|---------------|
| Q2                    | 0.9           | <b>O accumulation</b>          | <b>368.72</b> |
| Year to date          | 2.7           | <b>C accumulation</b>          | <b>379.17</b> |
| 1 year                | 20.7          | <b>C income</b>                | <b>176.45</b> |
| 3 years               | 47.7          |                                |               |
| 5 years               | 121.0         |                                |               |
| 10 years              | 257.0         |                                |               |

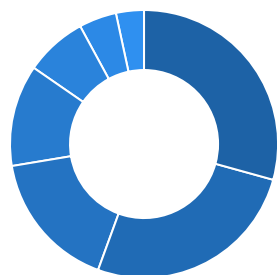
| 12 month performance to June %       | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------|------|------|------|------|------|
| LF Ruffer Japanese Fund O acc shares | 31.1 | 14.2 | -0.2 | 22.7 | 20.7 |
| FTSE Japan £ TR                      | 24.0 | 9.3  | -1.2 | 6.8  | 12.0 |

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.

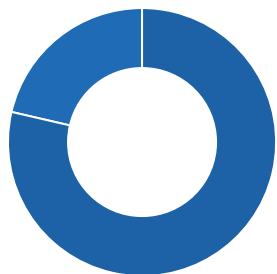
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

# LF Ruffer Japanese Fund as at 30 Jun 2021

## Portfolio structure



| Asset allocation | %    |            | %   |
|------------------|------|------------|-----|
| • Technology     | 29.3 | • Consumer | 7.5 |
| • Industrial     | 26.4 | • Auto     | 4.4 |
| • Healthcare     | 16.7 | • Cash     | 3.4 |
| • Financial      | 12.4 |            |     |



| Currency allocation | %    |
|---------------------|------|
| • Sterling          | 78.5 |
| • Yen               | 21.5 |

## 10 largest of 33 equity holdings

| Stock               | % of fund | Stock          | % of fund |
|---------------------|-----------|----------------|-----------|
| Fujitsu             | 7.5       | Toyota Motor   | 4.4       |
| Sony                | 5.8       | Keyence        | 4.2       |
| ORIX                | 5.1       | Tokio Marine   | 4.2       |
| Hoya                | 4.9       | NEC            | 4.2       |
| Mitsubishi Electric | 4.8       | Daiichi Sankyo | 4.1       |

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.

The fund's prospectus and key investor information documents are provided in English and available on request or from [ruffer.co.uk](http://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 **£433.6m**

## 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<br>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<br>GB00B3SGKR77 (acc)   | C class<br>GB00B846SB60 (acc)<br>GB00B88MBW20 (inc) |
| SEDOL                    | B3SGKR7 (acc)   | B846SB6 (acc)<br>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)<br>UK domiciled UCITS<br>Eligible for ISAs                |   |

\*Refers to accumulation shares

† © FTSE 2021. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## 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 2021, assets managed by the Ruffer Group exceeded £22.9bn.

## Dealing line

0345 601 9610

## 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)

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL  
Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2021