

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



During the three month period from 1 October to 31 December the price of the fund's 'O' accumulation shares decreased by 3.0% while the FTSE Japan Total Return Index fell by 5.4% in sterling and by 1.4% in yen. The top contributors to performance over the quarter were SONY, Fuji Electric, ORIX, Keyence and Tokio Marine Holdings. The largest negative contributors were Lifenet Insurance, NEC, M3, Mitsubishi Electric and freee KK.

For the calendar year 2021, the fund generated a return of 6.2% while the FTSE Japan Total Return Index rose by 2.2% in sterling and by 13.2% in yen. On a twelve month basis ORIX, SONY, Fujitsu, Fuji Electric and Keyence were the biggest positive contributors while Lifenet Insurance, Daiichi Sankyo, M3, freee KK and Kao were the major detractors. The depreciation of the yen versus sterling was also a significant headwind in 2021, sliding from 140 yen to 156 yen to the pound throughout the course of the year.

Investors were energised by the announcement on 3 September that Prime Minister Suga decided not to stand for re-election as head of the Liberal Democratic Party (LDP). Suga's popularity had been plunging due to his handling of covid-19. Both the Nikkei and TOPIX indices hit their year highs shortly afterwards. However, this strong performance was completely reversed by the beginning of October since Kishida started emerging as the likely candidate to replace Suga as head of the LDP. Investors were concerned about Kishida's tendency to focus on wealth redistribution rather than economic growth backed by structural reforms. Kishida won the party leadership contest at the end of September and the LDP performed better than expected in the lower house election at the end of October maintaining their stable absolute majority. However, we do not expect PM Kishida to be able to achieve much of his own agenda thanks to divisions within the LDP itself. We think it likely his policies will end up being diluted. This effective gridlock situation should allow firms and households to make medium-term decisions based on the currently existing framework of policies and regulations.

On the other hand, corporate earnings results for the September quarter were broadly positive. This supported Japanese equities overall but dispersion within the universe remained high. Technology companies, energy & resource companies and shipping companies continued to generate strong earnings while pure domestic companies struggled. Companies with thick gross profit margins were able to absorb unfavourable external factors like rising costs whereas those with thin margins were unable to protect their earnings. Large cap growth stocks continued to perform well, outperforming their value counterparts. However, in the less liquid, small cap space neither a growth nor a value bias seemed enough to safeguard returns.

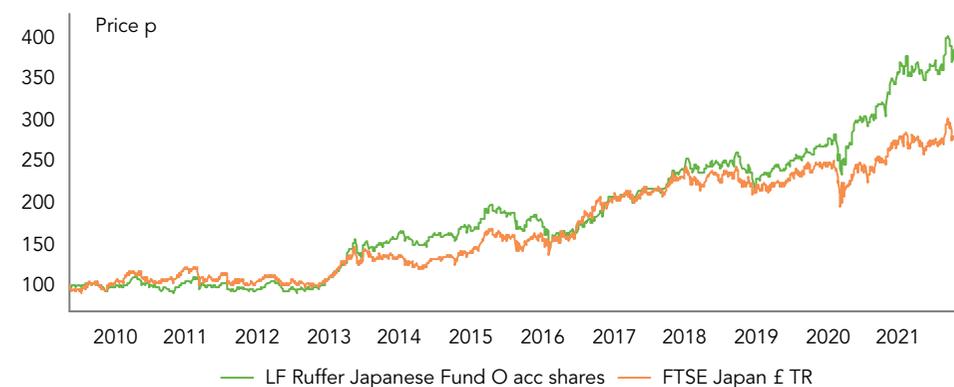
Our view on the stock market cycle remains the same: we are in the late stage of a prolonged bull market which started in March 2009 but was temporarily disrupted by the institutional responses to covid-19. We retain the conviction that the combination of liquidity and quality remains important at this stage of the current stock market cycle. Our core strategy continues to aim to identify multi-year investment cases which, we hope, will deliver decent performance on a long-term basis. We think the majority of the fund's 32 stocks 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



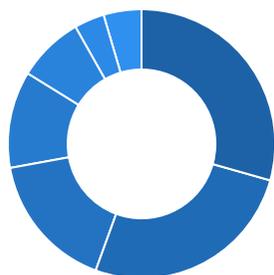
O accumulation shares	Performance %	Share price as at 31 December 2021	p
Q4	-3.0	O accumulation	381.50
Year to date	6.2	C accumulation	392.94
1 year	6.2	C income	182.85
3 years	71.5		
5 years	84.8		
10 years	293.5		

12 month performance to December %	2017	2018	2019	2020	2021
LF Ruffer Japanese Fund O acc shares	17.6	-8.3	22.7	31.5	6.2
FTSE Japan £ TR	14.4	-7.6	14.8	11.1	2.5

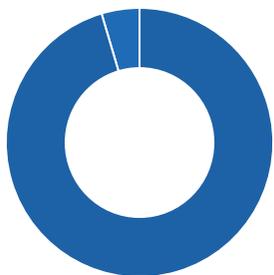
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

LF Ruffer Japanese Fund as at 31 Dec 2021

Portfolio structure



Asset allocation	%		%
• Technology	29.4	• Consumer	8.1
• Industrial	26.3	• Auto	3.7
• Healthcare	16.4	• Cash	4.6
• Financial	11.6		



Currency allocation	%
• Yen	95.3
• Sterling	4.7

10 largest of 32 equity holdings

Stock	% of fund	Stock	% of fund
Fujitsu	6.7	Tokio Marine	5.0
Sony	6.6	Keyence	4.7
Hoya	5.5	Mitsubishi Electric	4.5
ORIX	5.3	NEC	4.0
Daiichi Sankyo	5.2	Shimadzu	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.

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 **£454.5m**

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	0.00
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 2021, assets managed by the Ruffer Group exceeded £23.7bn.

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