

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



March 2023 Issue 133

During the period from 1 January to 31 March the price of the fund's C accumulation shares increased by 5.6% while the FTSE Japan Total Return Index rose by 3.0% in sterling and 7.1% in yen. The top contributors to performance over the quarter were Keyence, Shin-Etsu Chemical, Sony, SMC, and Mitsubishi Electric. The largest detractors were NTT Data, Tokio Marine, Nabtesco, M3, and Lifenet Insurance.

In December, the Bank of Japan (BoJ) surprised the market by amending its yield curve control policy (YCC). The BoJ widened the band around the ten year government bond yield from 25bps either side of 0% to 50bps. Although tweaking YCC had been widely discussed as a first step towards policy normalisation, the timing was unexpected. The market did not anticipate any changes ahead of Governor Kuroda's retirement in April 2023. As a result, the yen strengthened sharply, driving a rally in financials and a decline in almost all other sectors. Although the currency's impact on corporate Japan has been falling in aggregate many firms remain weak yen beneficiaries, using the boost to revenues to compensate for cost and raw material inflation. In fact, buybacks for 2022 were at a record level, reflecting the strong results for the September quarter and management confidence.

So far 2023 has been dominated by similar macroeconomic factors: inflation and the path of interest rates. Whilst the global picture clearly impacts Japan, there are some meaningful domestic nuances to consider. Professor Ueda, rather than the perceived main candidates Masayoshi Amamiya and Hiroshi Nakaso, has been confirmed as Kuroda's replacement. Some market participants had attempted to trade based on their new governor prediction and continue to forecast BoJ policy. We do not invest on this basis, instead concentrating on investing with a multi-year time horizon.

Though it remains much lower than many other developed markets inflation in Japan has risen. The country reopened its borders in October and relaxed its rules on Chinese visitors in late January 2023 after a temporary pause in visa issuance. As a result, inbound tourism numbers are rising at the same time as pent-up demand for domestic travel is being released. This is welcome news for many businesses.

After a covid-enforced hiatus the team resumed its trips to Japan in February meeting companies across many sectors. This included a number of semiconductor and manufacturing plant tours with detailed discussions with engineers. We then travelled to South Korea and Taiwan to assess the technology supply chain. A global perspective despite our single country investment focus continues to be a key part of our approach.

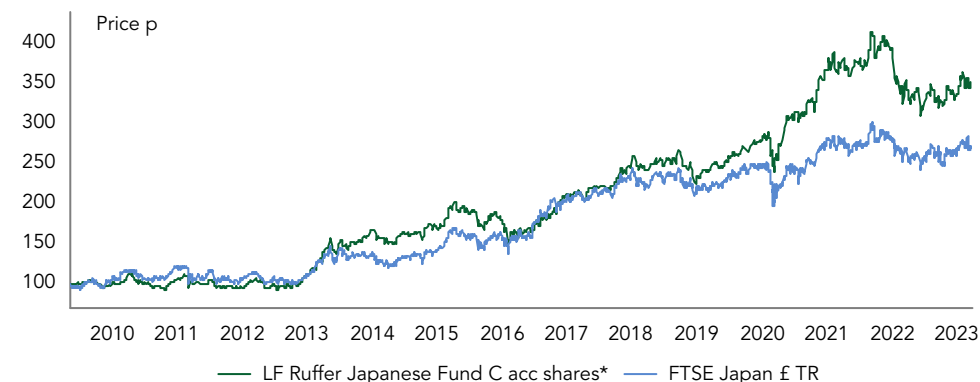
We have done little in the way of trading during this volatility, as is our style to be owners not renters. That said, we added to our positions in Shin-Etsu Chemical, given higher conviction on its PVC and silicon wafer businesses, and Fuji Electric, following recent weakness. We remain focused on the long-term outlook for our holdings and we think the majority of the fund's 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

To seek to achieve capital growth over the longer term (at least seven years), after all costs and charges have been taken. Capital invested is at risk and there is no guarantee that the objective will be achieved over any time period.

Performance since launch on 14 May 2009



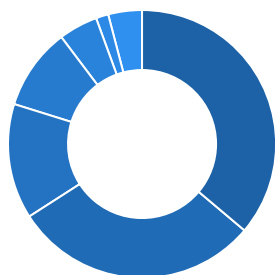
C accumulation shares	Performance %	Share price as at 31 March 2023	p
Q1	5.6	C accumulation	355.30
Year to date	5.6	C income	164.92
1 year	1.1		
3 years	35.3		
5 years	45.7		
10 years	168.4		

12 month performance to March %	2019	2020	2021	2022	2023
LF Ruffer Japanese Fund C acc shares*	1.2	6.4	43.1	-6.4	1.1
FTSE Japan £ TR	-0.9	-2.1	26.3	-2.3	1.9

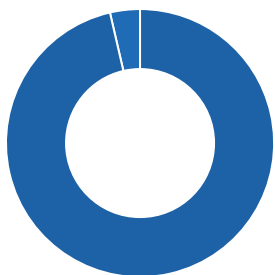
Source: Ruffer LLP, FTSE International *This share class has performance data calculated prior to its inception date, 19 Sep 2012. This is based upon a simulated/extended track record, using the track record of LF Ruffer Japanese Fund O acc.

LF Ruffer Japanese Fund as at 31 Mar 2023

Portfolio structure



Asset allocation	%		%
Industrial	36.1	Consumer	4.8
Technology	29.8	Auto	1.5
Healthcare	14.0	Cash	4.0
Financial	9.9		



Currency allocation	%
Yen	96.3
Sterling	3.7

10 largest of 30 equity holdings

Stock	% of fund	Stock	% of fund
Keyence	5.1	NEC	4.5
Sony	4.8	Hoya	4.4
Daiichi Sankyo	4.7	Mitsubishi Electric	4.4
Shin-Etsu Chemical	4.7	Hamamatsu Photonics	4.3
Fujitsu	4.6	Rohm	4.2

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

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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 European Fund is not registered for distribution in any country other than the UK.

Fund size **£303.2m**

Fund information

	%
Ongoing Charges Figure*	1.25
Annual management charge	1.2
Maximum initial charge	5.0
Yield	0.24
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	Accumulation GB00B846SB60 Income GB00B88MBW20
SEDOL	B846SB6 B88MBW2

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

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*Refers to accumulation shares

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Fund Managers

Kentaro Nishida

INVESTMENT DIRECTOR

Obtained a BEcon in Japan and studied Russian in Moscow, working as an interpreter in Russia and the UK. Previous roles include equity sales for James Capel & Company and SG Warburg Securities. Joined Ruffer in 2008 to concentrate on Japanese equities.



Tristan Matthews

RESEARCH DIRECTOR

Joined Ruffer's client portfolio team in 2009, after graduating with a degree in economics from the University of Cambridge. Moved to the Research department in 2012 focusing on Japanese equities and became co-manager of the fund in 2022. He is a CFA charterholder.



Theo Wyld

RESEARCH ANALYST

Graduated from Durham University in 2013 with a degree in mathematics, before completing a Master's at Columbia University. After three years in research at JM Finn, he joined Ruffer in 2018 to specialise in Japanese equities. He became co-manager of the fund in 2022 and is a CFA charterholder.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 February 2023, assets managed by the Ruffer Group exceeded £26.2bn.

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