

LF Ruffer Japanese Fund

Providing capital growth by investing in a portfolio of Japanese equities



April 2018 Issue 108

During the period from 1 April to 30 April, the price of the fund's O accumulation shares increased by 3.4%, from 239.53 pence to 247.67 pence. In the same period, the FTSE Japan Total Return Index on a sterling adjusted basis rose by 2.7%, while the FTSE Japan Total Return Index in yen went up by 4.3%. As of the close on 30 April, the fund was 98% invested in Japanese equities, its cash position was 2%, and its exposure to the yen was 52%.

Regarding attribution for the above-mentioned period, T&D Holdings [8795 JP], Dai-ichi Life Holdings [8750 JP], Sony Corporation [6758 JP], Optex Group [6914 JP] and Daiichi Sankyo [4568 JP] were the biggest positive contributors, while PeptiDream [4587 JP], M3 [2413 JP], Rakuten [4755 JP], Fanuc Corporation [6954 JP] and Otsuka Corporation [4768 JP] provided the largest negative contributions.

During April, we trimmed the fund's exposure to some property developers which had outperformed other companies within the sub-sector. We also added to two names in the medical technology sub-sector after we had created initial positions in March.

The recovery phase in global equities, which had started around the end of March, continued into April, with Japanese equities slowly moving upwards despite various domestic and global headwinds. Worries about escalating trade frictions between the US and its trading partners, concerns about geopolitical tension related to Syria and the revival of old scandals surrounding the Abe administration and the Ministry of Finance had a negative impact on investor sentiment. On the other hand, rising long-term interest rates in the US and a reassertion of historical correlations led to a depreciation of the yen which, in turn, helped Japanese equities recover gradually. Large market capitalisation stocks performed better than small ones with the TOPIX rising by 3.6% versus the second section of the TSE falling by 2.3% and the Mothers Index declining 5.3%.

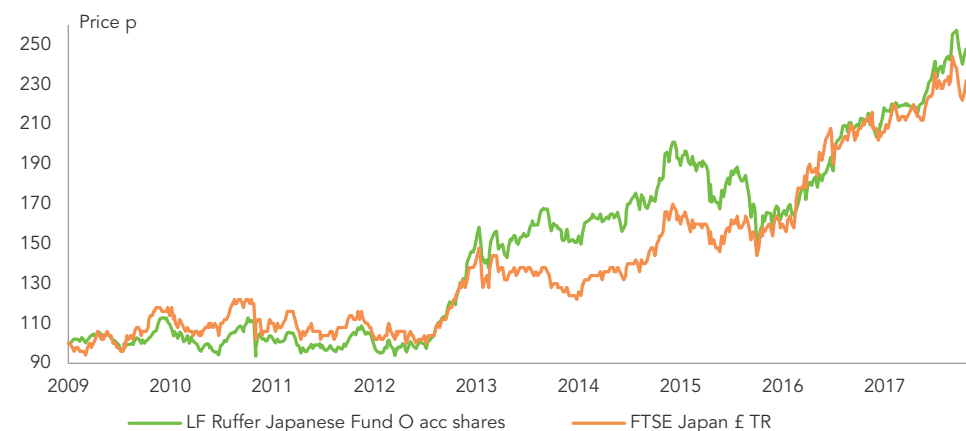
Since the launch of the LF Ruffer Japanese Fund in May 2009, we have held relatively high weightings in various healthcare related sub-sectors but have been trimming the fund's exposure to them over the last two years or so. However, we had no exposure to the pharmaceutical sector until the beginning of 2017, when we initiated positions in a small number of companies which had been developing unique drug delivery systems to enhance the efficacy of drugs and reduce their side effects. Although many challenges remain, these companies have achieved promising results from clinical tests.

Japanese companies started announcing their results for the financial year ended 31 March 2018 during the final week of April. The general picture so far is that results are better than expected, but guidance is even more conservative than the prevailing market forecasts which had incorporated a stronger yen. From a long-term perspective, there continues to be increasing evidence of Japanese companies focusing on profitability and efficient capital allocation.

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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	3.4	2.1	18.3	28.3	69.3	na

Percentage growth (O acc)	%	Share price as at 30 April 2018	p
31 Mar 2017 – 31 Mar 2018	14.5	O accumulation	247.67
31 Mar 2016 – 31 Mar 2017	27.0	C accumulation	252.29
31 Mar 2015 – 31 Mar 2016	-14.8	C income	118.52
31 Mar 2014 – 31 Mar 2015	23.4		
31 Mar 2013 – 31 Mar 2014	18.6		

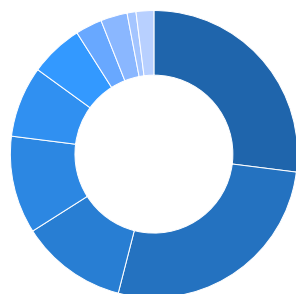
Source: Ruffer LLP, FTSE International (FTSE)†. The performance comparator has changed from the TOPIX to the FTSE Japan Index as Ruffer adopts FTSE as a data provider for all funds.

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

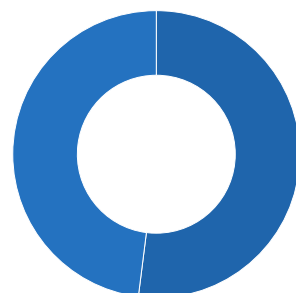
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

LF Ruffer Japanese Fund as at 30 April 2018

Portfolio structure



Asset allocation	%		%
• Financial	27	• Services	6
• Industrial	27	• Real estate	3
• Technology	12	• Retail	3
• Healthcare	11	• Auto	1
• Consumer	8	• Cash	2



Currency allocation	%
• Yen	52
• Sterling	48

10 largest of 67 equity holdings

Stock	% of fund	Stock	% of fund
Sony	4.9	Fujitsu	2.9
ORIX	4.3	Dai-ichi Life Insurance	2.7
Daiichi Sankyo	3.4	Tokio Marine	2.5
T&D Holdings	3.2	Seven & I Holdings	2.2
Mitsubishi Electric	3.1	Otsuka	2.1

Source: Ruffer LLP

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.

Fund size **£571.6m**

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	0.23
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward to 10am Wednesday, based on NAV Plus forward from 10am on last Wednesday of the month to last business day of the month	
Share classes	Accumulation only	
	O class	C class
ISIN	GB00B3SGKR77 (acc)	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	Grant Thornton UK 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 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn was managed in open-ended Ruffer funds.

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