

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares rose 3.1% from 187.52 to 193.42 over the month in which the wider market reacted to key events such as the UK budget, resolutions to the 'Grexit' discussions and a volatile Chinese market. The net result was that all the major UK indexes waxed and waned in a relatively narrow range mainly held back based on weakness in the commodity sector. The FTSE All-Share Total Return Index rose 2.4% and the FTSE 250 Total Return Index was up 1.0%.

The budget was the big news for us with a number of high profile policies and changes put in place by the Conservative government having stock specific impacts on performance.

Very much on the negative side was the decision to discontinue the Climate Change Levy (CCL) exemption for renewable generators from 1 August 2015, five years ahead of anticipation, which significantly reduces the profit forecasts for our position in Infinis and cost the fund 69bps. We have engaged with management on the subject who confirm that, despite being 'quite without warning', this causes no change to their strategy and project delivery. With capacity to reduce the size of a generous dividend to absorb the impact, the risk to covenants can be mitigated even on reduced forecasts. Other policies will impact the portfolio in time, such as the 'national living wage' and cuts to corporation tax, but despite impacting many of our positions these are unlikely to have marked short or long term impacts.

At the end of the month one of our largest positions, HellermannTyton, was bid for by Delphi Automotive in a cash offer of 480p (44.5% premium). Whilst we hate to lose one of our core positions the bid was at a fair and appropriate level and was fully recommended by the board. Adding 197bps to the July performance we sadly say goodbye to this position. The other stand out performer was Finsbury Food Group, adding 181bps, as management announced that strong trading has continued in the second half and the Group will outperform its current EBITDA and profit expectations.

Not all is well in the portfolio, however, one of our turnaround situations, Johnston Press, is still experiencing structural problems as the transition from print to digital, and associated advertising revenue streams, continue to cause concern. We note with interest that the government is throwing some support behind the local newspaper industry with discussion on relief on business rates and commentary regarding the BBC's activities in the local news market. It is possible the structural trends will defeat this able management team; we meet with them later in August.

In general our equity holdings performed well and looked through the swings in sentiment across global markets. With our exposure to the UK consumer related stocks, the tailwinds remain robust with low inflation, signs of continued wage growth and long run low interest rates generating a bit more money in the public's pocket. This was backed up by a further improvement in sentiment amongst UK consumers, especially in 'intention to purchase' surveys regarding housing and cars.

The market, and in particular retail investors, are still on a hunt for yield. Many of our positions are still rated below the market average, have strong dividend yields and the capacity to utilise balance sheet and managerial strength to continue journeys of self-help and strategic acquisitions. We remain confident of further absolute performance from current positions, whilst continuing to seek new opportunities.

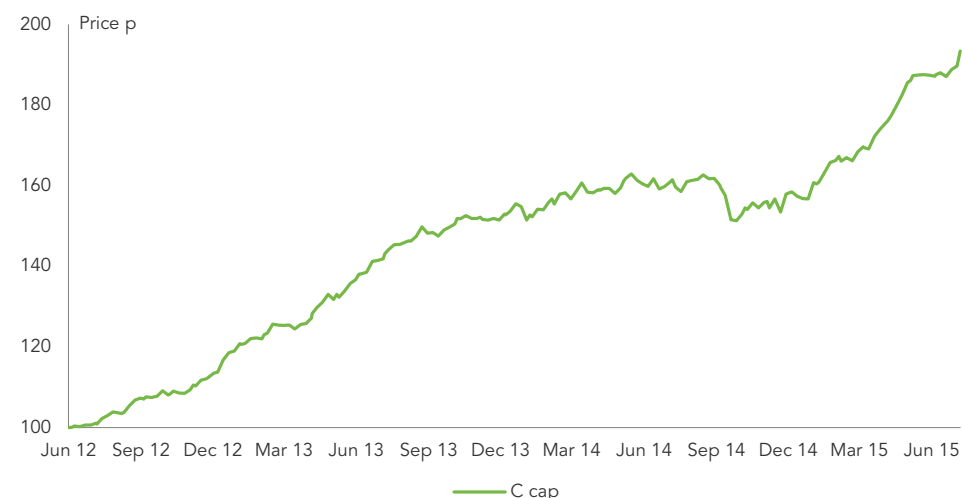
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Investment objective

The investment objective of the sub-fund is to achieve positive returns from an actively managed portfolio mainly of equities and equity-related securities of companies admitted to or dealt on a Regulated Market or Other Regulated Market in the United Kingdom and with market capitalisations below the level which would warrant inclusion in the FTSE 100 Index.

Performance since launch on 26 June 2012 – C class shares GBP



Performance %	July 2015	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	3.1	22.2	19.8	93.3	na	na

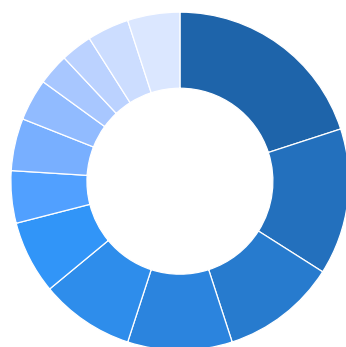
Percentage growth (C GBP cap)	%	Share price as at 31 July 2015	£
30 Jun 2014 – 30 Jun 2015	17.4	O capitalisation GBP	191.35
30 Jun 2013 – 30 Jun 2014	15.7	C capitalisation GBP	193.42
30 Jun 2012 – 30 Jun 2013	38.0	C distribution GBP	186.45
30 Jun 2011 – 30 Jun 2012	na	Z capitalisation GBP	200.40
30 Jun 2010 – 30 Jun 2011	na	Z distribution GBP	188.95

Source: Ruffer LLP

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.

Ruffer UK Mid and Smaller Companies as at 31 July 2015

Portfolio structure



Asset allocation	%		%
Industrial engineering	20	Financial	5
Support services	14	Technology	4
Retail	11	Oil and gas	3
Food and beverage	10	Media	3
Building	9	Other	4
Overseas equity	7	Cash	5
Travel and leisure	5		

10 largest of 48 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.4	Games Workshop	4.3
Hellermann Tyton	7.0	Johnson Service	4.1
Castings	5.2	Character	3.9
Volex	5.0	Headlam	3.9
Epwin	4.4	Cape	3.2

Source: Ruffer LLP

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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.

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Fund size £207.8m

Fund information

Ongoing Charges Figure %	Cap	Dis	
O class GBP	1.68	na	
C class GBP	1.34	1.34	
Z class GBP	0.19	0.19	
%	O class	C class	Z class
Annual management fee	1.5	1.2	0.0
Maximum initial charge	5.0	5.0	7.5
Minimum investment £	£1,000	£10m	£30m

Record date Third Monday of November

Ex dividend dates Next NAV following the record date

Payment Within five business days after ex dividend date

Dealing Weekly, every Tuesday (if not a business day, on the following business day) Plus on the first business day of each month

Cut-off 4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)

ISIN O class C class Z class

Cap LU0788206679 LU0788036498 LU0788036654

Dis LU0788036571 LU0788036738

Structure Sub fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV

Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent FundPartner Solutions (Europe) S.A.

Investment manager Ruffer LLP

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

Fund Manager

Trevor Wild

RESEARCH DIRECTOR



Worked for BZW from 1983, where he led a number of successful research teams, joining Commerzbank in 1999 to begin his career as a Portfolio Manager. In 2005 moved to Lehman Brothers as Managing Director of the Long Term Value Fund. Joined Ruffer in 2008.

Des Brennan

RESEARCH ANALYST



With over twenty years' experience both as an investment analyst and a portfolio manager, joined Ruffer in 2011. He has worked most recently at Cazenove Capital Management, and prior to that as a UK fund manager at Insight.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2015, assets managed by the Ruffer Group exceeded £18.5bn, of which over £8.9bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk