

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



February 2016 Issue 45

The fund's C capitalisation shares fell marginally by 0.4% from £191.54 to £190.78 over what proved to be a very volatile month for equity markets across the globe. The FTSE 250 Total Return Index rose 0.8% and the FTSE Small Cap Total Return Index 0.4%, but at their worst point they were down on the month by 8% and 5% respectively marking new lows for the last 14 months.

Given the drop in the FTSE 250 in the first two weeks of the month we benefitted from our February expiry put option positions (contributing 190bps), but we gave a lot of this back as the market subsequently ground higher and eroded the value of our March expiry protection (costing 160bps). Over the month we reduced our put protection marginally from c £105m to c £85m notional at reasonably attractive levels. The rally was driven by the abatement of some fears relating to the Chinese economy and the ongoing devaluation risk, coupled with talk that policy makers within the oil sector were attempting to decide on a supply agreement in order to stabilize the precipitous fall in the oil price.

The macroeconomic background and commodity volatility dominated market movements over the month so, in this context, the stock specific news was not a major contributor. The portfolio remains exposed to an ongoing recovery in the UK consumer space and the businesses that have strong control over their business model continued to perform well during the period. Safestyle UK, Conviviality Retail and Johnson Service Group added 50bps to performance between them in the month.

We initiated a small position in Toumaz Limited, a United Kingdom-based company engaged in the commercial exploitation of ultra-low power wireless semiconductor and software technologies. The company has historically had two divisions, Healthcare and Audio, and is conducting a strategic review to decide how to take the company forward. We will meet with management this month as we look to further develop our understanding of its potential. Other names added include Centrica and WM Morrison, the latter of which announced an exciting potential tie up with Amazon at the end of the month. These names combined added 35bps to overall performance.

Volax, a global provider of power and data cabling solutions, continued to face strong headwinds, with slow demand persisting into the second half of their reporting year from their largest customer. This resulted in a further profit warning and caused the shares to drop 17% over the month, costing the fund 50bps.

We believe that 2016 will continue to be a difficult year, with profit estimates having to be cut and companies needing to demonstrate conviction in their strategies. Whilst our cash balance has reduced from 9.5% to 7% over the month we continue to add to our high conviction names and take advantage of opportunities that present themselves.

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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 %	February 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-0.4	0.3	14.1	55.1	na	na

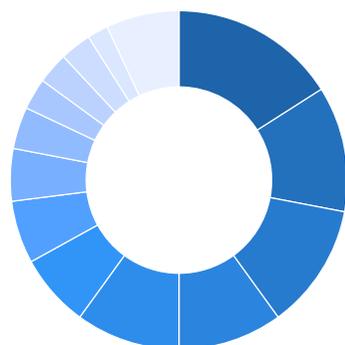
Percentage growth (C GBP cap)	%	Share price as at 29 February 2016	£
31 Dec 2014 – 31 Dec 2015	20.1	O capitalisation GBP	188.38
31 Dec 2013 – 31 Dec 2014	3.6	C capitalisation GBP	190.78
31 Dec 2012 – 31 Dec 2013	34.3	C distribution GBP	176.22
31 Dec 2011 – 31 Dec 2012	na	Z capitalisation GBP	199.00
31 Dec 2010 – 31 Dec 2011	na	Z distribution GBP	181.99

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 29 Feb 2016

Portfolio structure



Asset allocation	%		%
• Support services	16	• Technology	5
• Retail	12	• Oil and gas	4
• Industrial engineering	12	• Travel and leisure	3
• Building	10	• Media	3
• Food and beverage	10	• Options	3
• Financial	7	• Other	2
• Overseas equity	6	• Cash	7

10 largest of 53 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.2	Cape	4.1
Headlam	7.3	Games Workshop	3.8
Castings	6.2	BP	3.6
Epwin	4.4	Character	3.3
Johnson Service	4.2	Eurocell	3.3

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 £215.8m

Fund information

Ongoing Charges Figure %	Cap	Dis	
O class GBP	1.64	na	
C class GBP	1.31	1.31	
Z class GBP	0.15	0.15	
%	O class	C class	Z class
Maximum 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.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 29 February 2016, assets managed by the Ruffer Group exceeded £18.0bn, of which over £9.2bn was managed in open-ended Ruffer funds.

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