

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares rose 2.5% from £190.78 to £195.58 as markets stabilised in March following the lows seen in the middle of February. The FTSE 250 Total Return Index rose 2.2% and the FTSE Small Cap Total Return Index 4.1%.

March was a month in which five of our top seven positions reported figures, all of which were ahead of market expectations. Many of these stocks are long term positions which we had been actively adding to this year as we redeployed the cash position we had accumulated in January post the bids for Hellermann-Tyton and Infinis. The two standout performers in the month were Castings and Finsbury Food Group.

Castings retains its inherent deep value and provides us with exposure to an ongoing European recovery via its heavy exposure to the European truck market. With indications that European medium and heavy truck volumes rose 22% in January and February plus the benefit of increased business in its machining division, the shares duly rose over 13% and contributed 90 basis points (bps) to the performance of the fund. Finsbury Food Group announced further progress as it continues to integrate its recent acquisitions and flexes its offering to drive profit through higher growth opportunities in the bakery and morning goods market. The scale and efficiency benefits such as complementary product ranges and new foodservice channels, retail customer diversification, significant capital investment within Fletchers manufacturing and a multi-channel platform for further acquisitions (in due course) are firmly in place and are driving margin improvement. Management are looking to further invest in the business at attractive returns in order to continue the growth trajectory and mitigate impacts such as the initiation of the living wage policy. In addition, there are a number of poorly run, financially depressed, sub-scale UK bakery businesses in existence and Finsbury Food Group remains in a great position to act as consolidator of this industry.

Elsewhere in the fund we are reassured by the background for UK consumer spending which we have mentioned in recent fund commentaries. The benefits of a low oil price, low interest rates and signs of wage growth continue to work through the system to support spending. Within the Repair, Maintain and Improve (RMI) theme we had strong results from both Headlam and Safestyle UK, adding 60bps to the fund between them.

On the negative side our option positions, in which we maintain a moderate level of cover, have cost us 100bps. The market still feels uneasy and whilst it has worked higher from the start of the year we remain comforted by having this protection in place as markets continue to be driven by policy makers, whose ultimate impact on our companies is very difficult to determine.

As commented on last month and witnessed in the share price reaction to strong results from some of our holdings this month, we believe that 2016 will present a tough market environment. 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 with strategic acquisitions. As a result we remain confident of further absolute performance from our current positions, whilst continuing to seek new opportunities as we look to utilise our cash position which remains in the 7-8% range.

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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 %	March 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	2.5	2.9	15.4	56.0	na	na

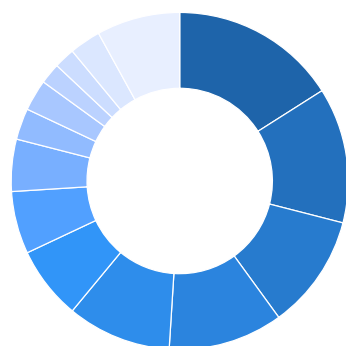
Percentage growth (C GBP cap)	%	Share price as at 31 March 2016	£
31 Mar 2015 – 31 Mar 2016	15.4	O capitalisation GBP	193.07
31 Mar 2014 – 31 Mar 2015	6.8	C capitalisation GBP	195.58
31 Mar 2013 – 31 Mar 2014	26.5	C distribution GBP	180.66
31 Mar 2012 – 31 Mar 2013	na	Z capitalisation GBP	204.20
31 Mar 2011 – 31 Mar 2012	na	Z distribution GBP	186.76

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 Mar 2016

Portfolio structure



Asset allocation	%		%
• Support services	16	• Technology	5
• Industrial engineering	13	• Oil and gas	3
• Building	11	• Travel and leisure	3
• Retail	11	• Media	2
• Food and beverage	10	• Options	2
• Financial	7	• Other	3
• Overseas equity	6	• Cash	8

10 largest of 53 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.7	Johnson Service	4.1
Headlam	7.8	Eurocell	3.6
Castings	7.4	Games Workshop	3.5
Cape	4.3	BP	3.3
Epwin	4.1	Character	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 £220.5m

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 31 March 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.4bn was managed in open-ended Ruffer funds.

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