

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 0.9% from £195.65 to £193.89 whilst the FTSE 250 Total Return Index rose 2.6% and the FTSE Small Cap Total Return Index rose 0.5%.

The market continued to be influenced by sentiment around the EU referendum with the 'Brexit' and 'Bremain' campaigns stepping up their rhetoric. Despite mixed poll results, the market has taken comfort from a lean more towards voting to remain and continued to edge higher. This was detrimental to our FTSE 250 put option position which cost us 1.1%.

Other names on the negative side of the ledger this month include two of our largest holdings, Castings and Finsbury Food Group, which reduced performance by another 0.7%. There has been no stock specific news, we believe this performance is purely down to the ongoing fund flows in the mid-cap sector that we mentioned last month. On 31 May we attended a tour of the Fletchers bread factory (the business acquired by Finsbury Food Group in October 2014) and were greatly reassured by the quality of the management and seeing first-hand the new lines and automation going on within the group.

On the positive side of the ledger Johnson Service Group added 0.3% as it continues its journey with a comment at the annual general meeting (AGM) that the integration of the recent, earnings accretive, acquisitions of Ashbon and Zip are well underway and in line with plans. Another of our long term holdings, Headlam, also released a positive AGM statement. Whilst it has seen a slowdown in its commercial carpet client base, potentially impacted by the EU referendum uncertainty, it continues to take market share and grow its residential share ahead of the market whilst further improving its operating margin.

During May we met with a number of new companies and initiated positions in a selection of these including Hotel Chocolat, adding 0.2% to performance, and Directa Plus, adding 0.4%, whilst selling out of positions including Mattioli Woods Plc and WM Morrison. Overall we have reduced our cash position from 7% to 3%.

Hotel Chocolat is a leading UK premium chocolate brand operating with 85 own stores, cafes and boutiques as well as having a strong online offering. It has a vertically integrated model from growing its own cocoa in St Lucia (where it also has a hotel), to the making of the chocolates in Cambridgeshire and selling through its own retail units. In a world where robust earnings growth is hard to find, this stock offers double digit growth potential from a disciplined roll-out and focus on process automation to reduce its operating expenses.

Directa Plus is a debt free, Italy-based company, which produces and supplies graphene-based products for use in consumer and industrial markets. This is a high quality producer with blocking patent technology and some key commercial ventures already in place. It will need to continue to transition its pipeline into fully fledged commercial customers and revenue but is well placed to take advantage of the current expansion of graphene use and its many attractive properties and potential applications.

We continue to look into other investment ideas which fit our philosophy and expect to add additional names in the coming months.

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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 %	May 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-0.9	2.0	4.2	45.8	na	na

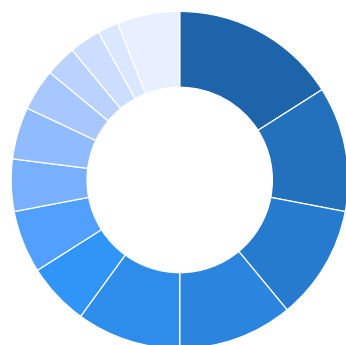
Percentage growth (C GBP cap)	%	Share price as at 31 May 2016	£
31 Mar 2015 – 31 Mar 2016	15.4	O capitalisation GBP	191.28
31 Mar 2014 – 31 Mar 2015	6.8	C capitalisation GBP	193.89
31 Mar 2013 – 31 Mar 2014	26.5	C distribution GBP	179.09
31 Mar 2012 – 31 Mar 2013	na	Z capitalisation GBP	202.83
31 Mar 2011 – 31 Mar 2012	na	Z distribution GBP	185.50

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 May 2016

Portfolio structure



Asset allocation	%		%
• Support services	16	• Media	5
• Building	12	• Technology	5
• Industrial engineering	11	• Travel and leisure	4
• Retail	11	• Oil and gas	3
• Food and beverage	10	• Other	3
• Financial	6	• Options	2
• Overseas equity	6	• Cash	6

10 largest of 53 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.3	Epwin	4.0
Headlam	7.7	Games Workshop	3.6
Castings	6.9	Eurocell	3.4
Johnson Service	4.2	Character	3.4
Cape	4.1	BP	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 **£218.8m**

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 31 May 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.5bn was managed in open-ended Ruffer funds.

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