

# Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



June 2016 Issue 49

The fund's C capitalisation shares fell 3.2% from £193.89 to £187.73 whilst the FTSE 250 Total Return Index dropped 5.1%, having fallen as much as 12.7% in the days after the EU referendum vote. The FTSE Small Cap Total Return Index was off 2.4%, having fallen as much as 6.8%.

The market backdrop was clearly dominated by the EU referendum outcome which resulted in an exit vote which the market and even bookmakers failed to predict and was an eventuality from which we also suffered. When the UK market pulled back between 14 and 17 June we took the opportunity to reduce our FTSE 250 hedge (from 45% to 15% notional covered), then rolled the remainder into July. We had a brief period of joy as the market rallied hard prior to the Brexit vote but ran with reduced protection in the subsequent fall. We have been punished for our rashness.

At the eye of the storm within the portfolio our UK focused names exposed to the Repair, Maintenance and Improvement (RMI) markets and big ticket consumer spending – Epwin Group, Eurocell, Headlam and Safestyle – combined to cost us 2.1%.

On the positive side of the ledger, our oil sector names performed well, adding 1.4%, with the tailwinds of significantly weaker sterling and investors seemingly gravitating towards the safety of an oil investment anchor point. Our, albeit reduced, option position did help mitigate the damage to a certain extent by adding 1.5% to performance.

Elsewhere in the portfolio we have a number of companies which have substantial export components to their business. It mechanically and contractually takes time for the benefits of the depreciating currency to feed through in the reported numbers and due to the size and coverage of these names the benefit they will likely experience will not immediately be recognised by the market. We do expect to see some benefit going forward from this portion of the fund so long as we do not face a material slowdown in global GDP.

Having been 'Brexit-ed', and politically unhinged we expect to continue to be tested as we continue in a world of uncertainty. We are reassured by the balance sheet and managerial strength of the majority of our core positions and whilst they now clearly face a more testing environment we believe the quality will prevail over the life of the investment. We will be watching closely how people behave in the new world as the unknown may lead to some undisciplined actions as companies look to position themselves to compete for portions of a slower market.

We ended the month with 5.2% in cash and will be looking to take advantage of the volatile market conditions ahead.

## 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 %	June 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-3.2	-1.3	0.1	36.0	na	na

Percentage growth (C GBP cap)	%	Share price as at 30 June 2016	£
30 Jun 2015 – 30 Jun 2016	0.1	<b>O capitalisation GBP</b>	<b>185.16</b>
30 Jun 2014 – 30 Jun 2015	17.4	<b>C capitalisation GBP</b>	<b>187.73</b>
30 Jun 2013 – 30 Jun 2014	15.7	<b>C distribution GBP</b>	<b>173.41</b>
30 Jun 2012 – 30 Jun 2013	38.0	<b>Z capitalisation GBP</b>	<b>196.58</b>
30 Jun 2011 – 30 Jun 2012	na	<b>Z distribution GBP</b>	<b>179.78</b>

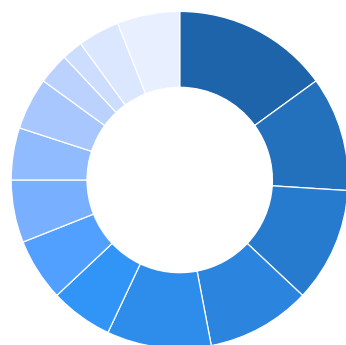
Source: Ruffer LLP

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# Ruffer UK Mid and Smaller Companies as at 30 June 2016

## Portfolio structure



Asset allocation	%		%
• Support services	15	• Financial	6
• Industrial engineering	11	• Overseas equity	5
• Food and beverage	11	• Travel and leisure	5
• Retail	10	• Oil and gas	3
• Building	10	• Options	2
• Technology	6	• Other	4
• Media	6	• Cash	6

## 10 largest of 56 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.9	Epwin	3.5
Headlam	7.1	Games Workshop	3.3
Castings	6.7	BP	3.2
Cape	3.9	Character	3.0
Johnson Service	3.8	Eurocell	2.9

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 **£215.9m**

## 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 30 June 2016, assets managed by the Ruffer Group exceeded £18.5bn, of which over £10.1bn was managed in open-ended Ruffer funds.

## Enquiries

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