

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



August 2016 Issue 51

The fund's C capitalisation shares rose 1.7% from £193.89 to £197.20 whilst the FTSE 250 Total Return Index¹ rose 2.8% and the FTSE Small Cap Total Return Index was up 2.9%.

The macro backdrop continued to show stability in the month and a number of the UK-focused names which had been punished in July bounced strongly as results for the first half of the year were announced. There was a general pattern of outlook commentaries made by management being cautiously positive with minimal impact from Brexit being felt 'yet'. In this area Eurocell Group, Johnson Service Group and Epwin Group added 1.1% to the fund between them.

An area of slight concern is the comments from some companies that full year guidance remains unchanged. This implied where there has been a softer first half, an expected pickup is required in the second half. There are also a number of 'events' on the horizon with global elections, focus on interest rates and the discussions around when and how the new UK government progresses towards the invoking of Article 50 all having the potential to cause corporates and consumers to pause for breath and re-evaluate the road ahead. With market participants now all considering what to consume, the feeling of a force fed diet of close to zero yield on 'safe' assets continues to lead risk assets into ever higher territory. Like the *foie gras* goose, we find the process uncomfortable and we know this will lead to a nasty end. With this in mind, and despite costing a further 1% in August, we have retained our FTSE 250 put protection in the fund.

We have taken advantage of strong moves in some of our positions and taken some profits which has meant our cash position has risen from 7.2% to 8.1%. This has allowed us to initiate some new ideas such as Autins group – a specialist manufacturer of NVH (noise, vibration and harshness) and thermal solutions – on an 11x debt free price/earnings multiple. We have also added to some existing names such as Rank Group, Cape and Epwin Group on price moves which allowed us to top up at attractive levels.

Another name which continues its journey nicely is Accrol Group Holdings which we purchased in May. It is the UK's leading independent converter of tissue products with a c 40% market share to the discount supermarkets and 7% of the total UK tissue market. The new management team announced a significant new contract win with the stock climbing 8.6% on the back of this, adding 0.2% to performance.

As markets grind higher we will continue to raise liquidity but will also seek out new opportunities which fit our investment criteria.

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 %	August 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	1.7	3.7	1.6	34.8	na	na

Percentage growth (C GBP cap)	%	Share price as at 31 August 2016	£
30 Jun 2015 – 30 Jun 2016	0.1	O capitalisation GBP	194.37
30 Jun 2014 – 30 Jun 2015	17.4	C capitalisation GBP	197.20
30 Jun 2013 – 30 Jun 2014	15.7	C distribution GBP	182.15
30 Jun 2012 – 30 Jun 2013	38.0	Z capitalisation GBP	206.89
30 Jun 2011 – 30 Jun 2012	na	Z distribution GBP	189.21

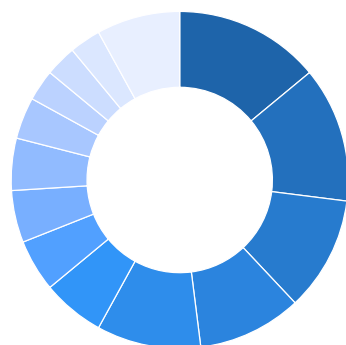
Source: Ruffer LLP

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Ruffer UK Mid and Smaller Companies as at 31 Aug 2016

Portfolio structure



Asset allocation	%		%
• Support services	14	• Financial	5
• Industrial engineering	13	• Overseas equity	5
• Food and beverage	11	• Travel and leisure	4
• Building	10	• Industrial services	3
• Retail	10	• Oil and gas	3
• Technology	6	• Other	3
• Media	5	• Cash	8

10 largest of 57 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.6	Epwin	3.5
Castings	6.8	Johnson Service	3.3
Headlam	6.6	Volex	2.9
Cape	4.4	Character	2.9
Games Workshop	3.5	BP	2.8

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 £227.3m

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 August 2016, assets managed by the Ruffer Group exceeded £20.0bn, of which over £10.9bn was managed in open-ended Ruffer funds.

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