

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



September 2016 Issue 52

The fund's C capitalisation shares rose 1.7% from £197.20 to £200.48 whilst the FTSE 250 Total Return and the FTSE Small Cap Total Return indices rose 1.2% and 1.9% respectively as markets retained their recent momentum.

For now, all appears relatively 'calm' for the UK as Theresa May continues at the helm and steers us towards the signing of Article 50 in the spring of 2017. The 'post-Brexit fears' are yet to materialise and the UK consumer has been decidedly more robust than many, including ourselves, expected. This was quantifiably backed up by the suite of UK purchasing manager index (PMI) data released early in the month, which surprised to the upside. We continue to engage with many of our companies, including a brief trip to the north west of England, to gauge the 'word on the street'. Many of them are clearly braced for tougher trading periods ahead whilst confident in their ability to navigate the market conditions and drive efficiency gains through their operations. A classic example in this space is Headlam Group. After many years of building a market leading position in carpet distribution the company is now, post a CEO change (with the exiting CEO being replaced by the long-serving CFO), continuing on the front foot with a refocussed strategy to drive cost efficiencies. This has been well received by the market with the shares appreciating over 10% and adding 0.8% to the fund.

There was also some stock specific news delivered in the month with ministers signing the go-ahead for the nuclear power plant at Hinkley Point. This combined with a large seller being cleared up caused the shares in Redhall (with direct exposure to the nuclear sector) to jump 50% and add 0.4% to the fund.

Late in the month there was a surprising OPEC announcement as they reportedly agreed to cut production (with some country exceptions) to 32.5-33.0 million barrels per day next year from its August level of 33.2 million. This saw the oil price spike by 5%. As a result our oil names such as BP, Aker ASA and Det Norske added 0.6% to the performance of the fund.

Having rolled our MCX (FTSE 250) put option into a UKX (FTSE100) put position we continue to erode premium with the market grinding higher. Over the month the protection cost the fund 0.9%.

The other significant cause of pain in the month was Crawshaw Group – the operator of a chain of meat-focused value retail stores under the stewardship of Noel Collett, the ex-Lidl UK Ltd Chief Operating Officer. After a promising initial expansion period, the modernisation and revamp of the legacy stores may have been one step too far and it has caused a significant portion of customers to turn away from the offering. As a result they have severely impacted the capacity to pursue future expansion plans whilst management bandwidth concentrates on the existing stores. Measures are already in place to rectify this ahead of the crucial festive trading period and we continue to watch the situation closely.

Overall we maintain our cautious stance and as a result have maintained our cash position at around 8%. This has been done by trimming a number of our winning stocks.

Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer UK Mid and Smaller Companies fund (RUM) is not registered for distribution in any country other than Luxembourg, Switzerland (qualified investors only) and the UK. The fund's prospectus and key investor information documents are provided in English and are available on request or from www.ruffer.co.uk. Ruffer LLP is not able to market RUM in other countries, except under certain exemptions.

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 %	September 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	1.7	5.4	3.5	35.1	na	na

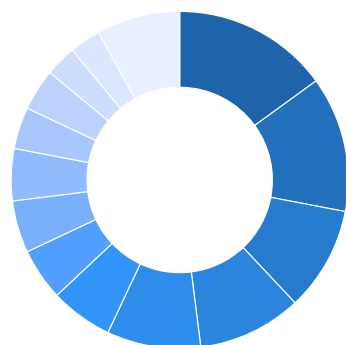
Percentage growth (C GBP cap)	%	Share price as at 30 September 2016	£
30 Sep 2015 – 30 Sep 2016	3.5	O capitalisation GBP	197.56
30 Sep 2014 – 30 Sep 2015	21.4	C capitalisation GBP	200.48
30 Sep 2013 – 30 Sep 2014	7.5	C distribution GBP	185.18
30 Sep 2012 – 30 Sep 2013	38.5	Z capitalisation GBP	210.53
30 Sep 2011 – 30 Sep 2012	na	Z distribution GBP	192.54

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 30 Sep 2016

Portfolio structure



Asset allocation	%		%
• Support services	15	• Overseas equity	5
• Industrial engineering	13	• Financial	5
• Food and beverage	10	• Travel and leisure	4
• Building	10	• Oil and gas	4
• Retail	9	• Industrial services	3
• Technology	6	• Other	3
• Media	5	• Cash	8

10 largest of 57 equity holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.0	BP	3.4
Headlam	7.1	Johnson Service	3.3
Castings	6.3	Games Workshop	3.3
Cape	4.3	Volex	3.0
Epwin	3.6	Eurocell	2.9

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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.

Notice for Investors in Switzerland: Ruffer SICAV has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). Any offering materials relating to Ruffer SICAV may be made available in Switzerland solely to Qualified Investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended. Ruffer SICAV's prospectus, KIIDs, articles of association and the annual and semi-annual reports are available free of charge at the office of the Swiss representative: FundPartner Solutions (Suisse) S.A., Route des Acacias 60 CH – 1211 Geneva 73. Ruffer SICAV's paying agent in Switzerland is Banque Pictet & Cie S.A. of the same address.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2016

Fund size £231.3m

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 30 September 2016, assets managed by the Ruffer Group exceeded £20.1bn, of which over £11.1bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rife@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk

† © FTSE 2016. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.