

# Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



October 2016 Issue 53

The fund's C capitalisation shares were largely flat moving from £200.48 to £200.43, whilst the FTSE 250 Total Return index slipped 1.7% and the FTSE Small Cap Total Return index rose by 0.1%.

Early in the month the Organization of the Petroleum Exporting Countries (OPEC) announced that it had reportedly agreed (with exemptions for Nigeria, Libya and possibly Iran) to cut production to 32.5-33.0 million barrels per day (MMBbls/d) next year from its August level of 33.2 MMBbls/d, implying an appetite for establishing a potential floor to the oil price. In response to this, Brent Crude oil rose 8% early in the month and our oil related names including BP, Aker ASA and Aker BP ASA combined to contribute 58 basis points (bps).

Running into the month we retained our FTSE 100 put position within the fund which cost us 24bps of performance. This was due to a rally in the FTSE 100 (up 2%) triggered by the USD/GBP 'flash-crash' move early in the month as the market was surprised by the hard line statements on Brexit from Theresa May at the Conservative Party conference with her view of making us 'a fully sovereign and independent country'. These comments, and the refocused attention of the market to the UK's future, hurt some of our more pure play UK consumer facing stocks. As a result, our holdings in Epwin Group, Safestyle UK Plc, Eurocell and Laura Ashley cost us a combined 80bps.

We have initiated positions in a few new names this month including Van Elle and Luceco plc. Van Elle is a specialist piling and ground engineering company that operates predominately in the UK in sectors from housebuilding to rail and road infrastructure. At an estimated 8.1x 2017 PE multiple we see potential for this nimble and efficient operator to further improve its 15% market share and capture some of the governmental infrastructure spend as the fiscal levers are pulled. Luceco is a rapidly growing manufacturer and distributor of high quality and innovative LED lighting products and wiring accessories for a UK and growing European customer base. The company has a robust balance sheet and a modest 12x 2016 PE multiple falling to 10x 2017 estimated earnings.

During the month a number of IPOs were pulled due to a lack of investor appetite and those that did get away had significant reductions in price. It is clear to us that the market is generally fragile and we are somewhat comforted by holding some put protection within the fund.

October saw the team take to the road as we went to 'kick the tyres' on a number of our portfolio positions. We find this increased engagement with management and seeing the operations first hand hugely valuable to better understand our investments and learn more about the wider management teams who run them. Companies we visited included Laura Ashley Holdings, Torotrak plc and Accrol Group Holdings.

Overall we maintain our cautious stance and, despite adding the new names to portfolio this month, we will look to continue to build our cash position by trimming a number of our winning stocks.

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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 %	October 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	0.0	5.4	3.3	32.0	na	na

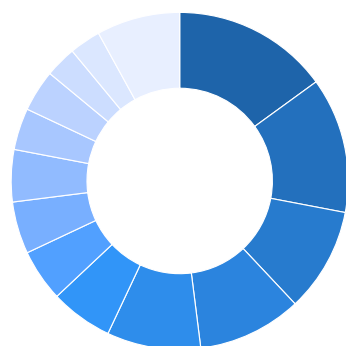
Percentage growth (C GBP cap)	%	Share price as at 31 October 2016	£
30 Sep 2015 – 30 Sep 2016	3.5	<b>O capitalisation GBP</b>	<b>197.46</b>
30 Sep 2014 – 30 Sep 2015	21.4	<b>C capitalisation GBP</b>	<b>200.43</b>
30 Sep 2013 – 30 Sep 2014	7.5	<b>C distribution GBP</b>	<b>185.14</b>
30 Sep 2012 – 30 Sep 2013	38.5	<b>Z capitalisation GBP</b>	<b>210.69</b>
30 Sep 2011 – 30 Sep 2012	na	<b>Z distribution GBP</b>	<b>192.69</b>

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 Oct 2016

## Portfolio structure



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

## 10 largest of 60 equity holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.8	BP	3.4
Headlam	6.8	Epwin	3.2
Castings	6.3	Van Elle	3.1
Games Workshop	4.3	Johnson Service	3.0
Cape	4.2	Sherborne Investors	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 £230.7m

## 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 October 2016, assets managed by the Ruffer Group exceeded £20.4bn, of which over £11.4bn was managed in open-ended Ruffer funds.

## Enquiries

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