

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 2.4% from £200.43 to £195.59, whilst the FTSE 250 Total Return index rose 0.1% and the FTSE Small Cap Total Return index fell by 0.7%.

The month was bookended by major macroeconomic events. Continuing the year of surprise political outcomes, we woke up on 9 November to Donald Trump being announced as the 45th President of the United States. Markets reacted in an uncertain fashion with initial fear giving way to significant flows into sectors deemed to be beneficiaries of expected new policies including pharmaceutical and infrastructure names. The market has since remained largely range-bound, with a small uptick in volatility around the Organization of the Petroleum Exporting Countries (OPEC) announcement of a cut in oil production of 1.2 million barrels per day next year.

The Brent Crude oil price has appreciated significantly (up approximately 15%) from its mid-month low. We took the opportunity to exit some of our oil names (after a strong run) including Aker ASA and Aker Solutions, as well as to trim down the higher beta Aker BP which is exposed to the exploration and production space.

Despite these sales, our cash position fell by 4% as we added a FTSE 250 short exchange-traded product to our ongoing option protection. This gives us downside protection to the FTSE 250 but doesn't have the headwinds of time and volatility erosion associated with put options.

We added to our position in Tesco following some strong first half numbers released in October as well as more information regarding the £1.5bn cost cutting measures they are undertaking. We believe that the high quality management team assembled at Tesco will now deliver on these plans, and along with an increased focus on customer service and a more collegiate relationship with the supply chain this will lead to increased profitability as the company makes use of its scale advantage over the competitors.

We initiated a position in Produce Investments PLC. This is an agricultural business which specialises in growing, sourcing, packing and delivering potatoes and daffodils to retailers, wholesalers and private businesses. Agricultural businesses are subject to the vagaries of annual crops with margins influenced by periods of either under or over supply. Since its initial public offering six years ago the company has added some niche new businesses to its portfolio which extend their seasonal operations, diversify their revenue streams and has opened doors to new accounts such as M&S and The Co-op.

Cape PLC and Finsbury Food Group cost the fund 1.4% and 0.8% respectively this month. Cape announced that there are increased complexities and risks associated with ongoing legal cases in respect of industrial disease claims due to asbestos dating back to the 1950s. This could impose long term headwinds on the company with no quantified sums for compensation yet discussed. Cape increased their existing provisions against this risk, by £9.7m in July, but this will weigh on the stock until more clarity is available.

Finsbury Food Group, our largest position, released a robust trading statement but with the market looking for earnings growth, it has pulled back from its recent highs. We remain comfortable with the position and their high quality management team and see this as a long-term holding.

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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 %	November 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-2.4	2.9	1.7	28.5	na	na

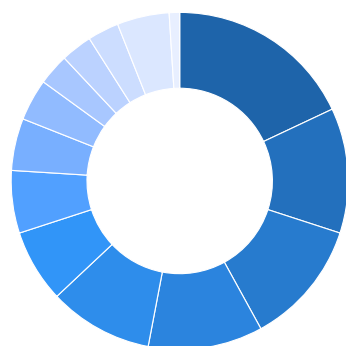
Percentage growth (C GBP cap)	%	Share price as at 30 November 2016	£
30 Sep 2015 – 30 Sep 2016	3.5	O capitalisation GBP	192.62
30 Sep 2014 – 30 Sep 2015	21.4	C capitalisation GBP	195.59
30 Sep 2013 – 30 Sep 2014	7.5	C distribution GBP	175.58
30 Sep 2012 – 30 Sep 2013	38.5	Z capitalisation GBP	205.79
30 Sep 2011 – 30 Sep 2012	na	Z distribution GBP	181.00

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 Nov 2016

Portfolio structure



Asset allocation	%		%
• Industrial engineering	18	• Financial	5
• Support services	12	• Oil and gas	4
• Retail	12	• Options	3
• Food and beverage	11	• Travel and leisure	3
• Building	10	• Industrial services	3
• Technology	7	• Other	5
• Media	6	• Cash	1

10 largest of 58 equity holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.5	Van Elle	3.5
Headlam	6.7	Epwin	3.3
Castings	6.5	Volex	3.3
Games Workshop	4.5	Sherborne Investors	3.1
BP	3.5	Cape	3.0

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 **£223.6m**

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 November 2016, assets managed by the Ruffer Group exceeded £20.3bn, of which over £11.2bn was managed in open-ended Ruffer funds.

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