

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



December 2016 Issue 55

The fund's C capitalisation shares rose 3.5% from £195.59 to £202.51, whilst the FTSE 250 Total Return index rose 3.3% and the FTSE Small Cap Total Return index rose by 4.7%.

Markets shrugged off what has been an eventful year with a strong run into the year-end, eventually closing at or near all-time highs. As a result of this, there have been some costs to the fund from our ongoing FTSE 100 put protection positions which detracted 1.4% from performance. The only other notable negative contribution came from our position in Torotrak Plc. They issued a trading statement only weeks after their half year report, highlighting that they had been notified by a prospective licensee that a further deterioration in the trading outlook for the global off-highway market could delay the completion of key current licence negotiations. The share price fell approximately 40% on this news and cost the fund 0.3%.

The wider portfolio performed well and stand out names were those specific stocks that had strong results or trading statements. These included Games Workshop, a long time top ten holding of ours, who announced that they expect to make an operating profit of approximately £13m for the first half of the year, which is double that from the previous year. This sent the share price up over 20% and added 1% to the fund.

Other names contributing to the positive side of the ledger were Finsbury Food Group, Van Elle and Character Group adding 0.7%, 0.4% and 0.5% to the fund respectively. Character Group announced their first half results with a positive note on the increased stability of their product range and inroads they are making into overseas markets. This is leading to a more predictable outlook with their top seven cornerstone brands all rolling into the next period and offering strong ongoing earnings potential.

As we move into 2017, we continue to be wary of significant upcoming events; with Donald Trump taking office and further developments relating to the United Kingdom's notification of its intention to leave the European Union under Article 50 and its subsequent exit. With markets around historical highs and valuations continuing to look stretched, we think that the outlook is extremely difficult and that further sharp market reactions to macroeconomic events are likely, making double digit returns that much harder to attain. We do, however, remain confident in the names in the portfolio and the range of stages that these investments are at in our journey with them as investors. We will continue to monitor these closely whilst also seeking out new opportunities that present themselves.

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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



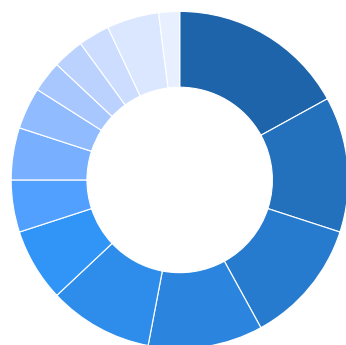
Performance %	December 2016	Year to date	1 year	3 years	5 years	10 years	
C capitalisation shares	3.5	6.5	6.5	32.6	na	na	
Percentage growth (C GBP cap)	%		Share price as at 31 December 2016				£
31 Dec 2015 – 31 Dec 2016	6.5		O capitalisation GBP				199.38
31 Dec 2014 – 31 Dec 2015	20.1		C capitalisation GBP				202.51
31 Dec 2013 – 31 Dec 2014	3.6		C distribution GBP				181.80
31 Dec 2012 – 31 Dec 2013	34.3		Z capitalisation GBP				213.28
31 Dec 2011 – 31 Dec 2012	na		Z distribution GBP				187.59

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 Dec 2016

Portfolio structure



Asset allocation	%		%
• Industrial engineering	17	• Financial	5
• Retail	13	• Options	4
• Support services	12	• Oil and gas	3
• Food and beverage	11	• Travel and leisure	3
• Building	10	• Industrial services	3
• Technology	7	• Other	5
• Media	5	• Cash	2

10 largest of 58 equity holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.9	Van Elle	3.6
Headlam	6.7	Volex	3.6
Castings	6.1	BP	3.5
Games Workshop	4.9	Epwin	3.3
FTSE 250 Short ETP	4.2	Eurocell	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 £231.9m

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 31 December 2016, assets managed by the Ruffer Group exceeded £20.6bn, of which over £11.4bn 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

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