

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



February 2017 Issue 57

The fund's C capitalisation shares rose 3.3% from £203.63 to £210.40 over the month whilst the FTSE 250 Total Return index rose 3.5% and the FTSE Small Cap Total Return index rose by 1.7%.

Having come under some pressure in January it was pleasing to see a bounce back in both Finsbury Food Group and Van Elle in February. Between them these two positions added 1.5% to the fund performance, reversing their opening month loss. We retain a range of positions in the portfolio which are exposed to the UK repair, maintain and improve (RMI) market and, following robust figures in the housing market from UK housebuilders, we saw significant share price appreciation from Headlam Group, Epwin Group and Eurocell Group which combined to add 1.4% to fund performance. Other notable contributors were CML Microsystems, up over 20% and adding 0.35% to the fund and Games Workshop, adding 0.4% as it continues to benefit from top line growth which feeds directly to significant increased profitability.

We took advantage of strength across our larger weightings (Games Workshop and Headlam) to crystallise some profits which we redeployed into new ideas that we have been working on. The largest of these is NWF Group, a specialist agricultural and distribution group operating via three unrelated businesses – food, feed and fuel. The markets they operate in are fairly stable and only grow/shrink with population which means when looking for growth they are very merger and acquisition focused. They have a good track record of strategic bolt-ons and acquisitions, especially in the fuels portion of the company. This is as a stable and defensive business which is reasonably well protected through its diversified offerings. They came across as extremely well presented and knowledgeable about their business. Their aim is to deliver total shareholder return through a combination of share price accretion and a progressive dividend policy. At our purchase price of £1.50, the pension and debt adjusted P/E (price/earnings) was 12.5x with post dividend, free cash generation of £3 million. As a result, we see steady but, not overly exciting, capital appreciation potential which could be accelerated via further strategic acquisitions in fuel and feeds.

Hurting the fund performance this month was DX Group who flagged ongoing tough trading, cost and pricing conditions, sending the shares down nearly 50% and costing us 0.33%. Laura Ashley reported disappointing interim results and Cape PLC continues to be dogged by ongoing asbestos court claims. These names costs the fund 0.2% each over the month.

We remain comfortable with the shape of the portfolio but continue to feel nervous over the frothy atmosphere in the wider market.

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 %	February 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	3.3	3.9	10.3	34.3	na	na

Percentage growth (C GBP cap)	%	Share price as at 28 February 2017	£
31 Dec 2015 – 31 Dec 2016	6.5	O capitalisation GBP	207.03
31 Dec 2014 – 31 Dec 2015	20.1	C capitalisation GBP	210.40
31 Dec 2013 – 31 Dec 2014	3.6	C distribution GBP	188.88
31 Dec 2012 – 31 Dec 2013	34.3	Z capitalisation GBP	222.00
31 Dec 2011 – 31 Dec 2012	na	Z distribution GBP	195.26

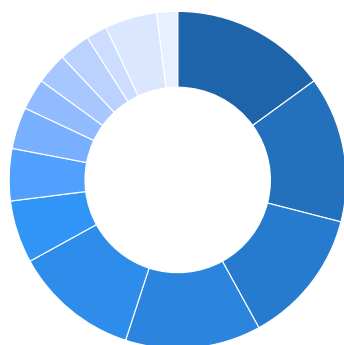
Source: Ruffer LLP

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Ruffer UK Mid and Smaller Companies as at 28 Feb 2017

Portfolio structure



Asset allocation	%		%
Industrial engineering	15	Options	4
Retail	14	Media	3
Support services	13	Oil and gas	3
Food and beverage	13	Industrial services	3
Building	12	Travel and leisure	2
Technology	6	Other	5
Financial	5	Cash	2

10 largest of 57 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.6	FTSE 250 Short ETP	3.9
Headlam	6.5	Epwin	3.7
Castings	5.5	Tesco	3.6
Games Workshop	5.5	Cape	3.5
Eurocell	4.3	Van Elle	3.3

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 £238.2m

Fund information

Ongoing Charges Figure %	Cap	Dis	
O class GBP	1.66	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 Monday (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 28 February 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which over £11.7bn 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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