

# Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



March 2017 Issue 58

The fund's C capitalisation shares rose 1.2% from 210.40 to 212.86 over the month whilst the FTSE 250 Total Return index rose 1.4% and the FTSE Small Cap Total Return index rose by 2.9%.

The seesaw start to the year continued for Van Elle and Finsbury Food Group this month who both came under pressure again as concern mounts on outlooks and cost the fund 1.8% between them. Van Elle pulled back again following a trading statement highlighting concern over the deferral of key work within its rail piling business and hence a reduced confidence in future earnings. Finsbury announced a robust set of results but as we transition from a deflationary food environment to one of inflation and with the company opting to cut all promotional activity the outcome meant revenue growth has paused. This lack of growth was enough to spook the market. Management had always eluded to this year being one of transition and stabilisation and have been working hard to mitigate the cost inflation that will come via the reformulation of product and spending capital to drive the efficiency of its operations. We continue to see Finsbury Food Group as the natural consolidator in the sector and expect their patience will be rewarded as weaker players are forced out of the market.

Elsewhere in the fund we were pleased to see positive results from a number of our largest holdings including Headlam Group, Eurocell Group and Cape which combined to add 3.2% to the fund. Adding to this was ongoing strength from Games Workshop, adding 0.5% to the fund performance following yet another positive trading statement.

Cape, which had been disappointing for us in 2016 due to ongoing litigation concerns announced both a strong set of preliminary figures as well as a settlement around the product liability case and an update on the industrial diseases claim. Management have clearly been distracted by this but have continued to deliver strong results and contract wins and we hope to see this continue now some of the clouds have been lifted. There are still ongoing legal claims and we will continue to monitor these closely.

We believe that 2017 will continue to be a difficult year with profit estimates having to be hit and companies needing to demonstrate conviction in their strategies. In an environment with limited earnings growth any deviations from these will be heavily punished. We maintain our short FTSE 250 exchange traded product position, a small cash position and take comfort in our high conviction names and will look to take advantage of opportunities that present themselves.

## 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 %	March 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	1.2	5.1	8.8	34.2	na	na

Percentage growth (C GBP cap)	%	Share price as at 31 March 2017	£
31 Mar 2016 – 31 Mar 2017	8.8	<b>O capitalisation GBP</b>	<b>209.39</b>
31 Mar 2015 – 31 Mar 2016	15.4	<b>C capitalisation GBP</b>	<b>212.86</b>
31 Mar 2014 – 31 Mar 2015	6.8	<b>C distribution GBP</b>	<b>191.09</b>
31 Mar 2013 – 31 Mar 2014	26.5	<b>Z capitalisation GBP</b>	<b>224.82</b>
31 Mar 2012 – 31 Mar 2013	na	<b>Z distribution GBP</b>	<b>197.73</b>

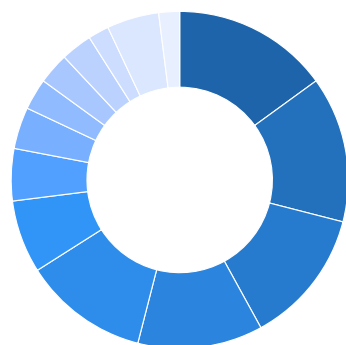
Source: Ruffer LLP

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# Ruffer UK Mid and Smaller Companies as at 31 Mar 2017

## Portfolio structure



Asset allocation	%		%
• Support services	15	• Options	4
• Industrial engineering	14	• Media	3
• Retail	13	• Oil and gas	3
• Building	12	• Industrial services	3
• Food and beverage	12	• Travel and leisure	2
• Technology	7	• Other	5
• Financial	5	• Cash	2

## 10 largest of 57 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.1	Cape	5.0
Headlam	6.4	Tesco	3.8
Castings	5.9	FTSE 250 Short ETP	3.8
Games Workshop	5.6	Epwin	3.3
Eurocell	5.2	BP	3.1

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 £240.4m

## 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.

\* Audited at 31 December 2016

## 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 March 2017, assets managed by the Ruffer Group exceeded £21.4bn, of which over £11.8bn was managed in open-ended Ruffer funds.

## Enquiries

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