

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



June 2017 Issue 61

The fund's C capitalisation shares fell 0.3% from 221.88 to 221.23 over the month whilst the FTSE 250 Total Return index fell 2.9% and the FTSE Small Cap Total Return index fell by 0.9%.

Another month, another surprising (or some may say entirely predictable) election result. Theresa May's power play tactics backfired at the start of the month in which the conservatives conceded their working majority in the House of Commons and they now find themselves with a minority government and in deal making mode to gain the support of the Democratic Unionist Party (DUP) to govern going forward. This appears to have been enough to cause the market to pause for breath as investors take stock before the summer holiday season.

The UK consumer may be forgiven for feeling like we are now on a captain-less voyage and as we pass the one year anniversary of the Brexit vote we continue to be very cautious on the outlook for consumer spending in all areas bar food retail, which we feel is in a more defensive position with the spending on 'food at home' as a percentage of total disposable income currently at all-time low levels. To manage this we have also added to our FTSE 250 short exchange traded product position.

As we mentioned last month, and despite quite full valuations across much of the market, we do see some exciting opportunities and we continue to trim out of positions which are completing their journey, re-investing the proceeds into new ideas at the start of theirs.

With this in mind we have trimmed back a little of our Games Workshop position after it announced its fourth earnings beat in six months, a period which has seen the share price double. We also exited our position in the Sherborne Investors B vehicle and trimmed Rank Group. This money was used to add to our Cape and Tesco positions as well as support a placing for Redhall Group, a UK based engineering company with exposure to, amongst other things, nuclear and rail infrastructure spend. The proceeds from the placing are to help manage working capital requirements for its growing pipeline of work.

Performance wise the aforementioned Games Workshop, our fifth largest stock holding, led the charge after an approximately 30% share price appreciation, which resulted in a 1.5% contribution to the fund. Volex plc and Oxford Metrics plc also announced robust results which resulted in contributions of 1.2% and 0.4% respectively.

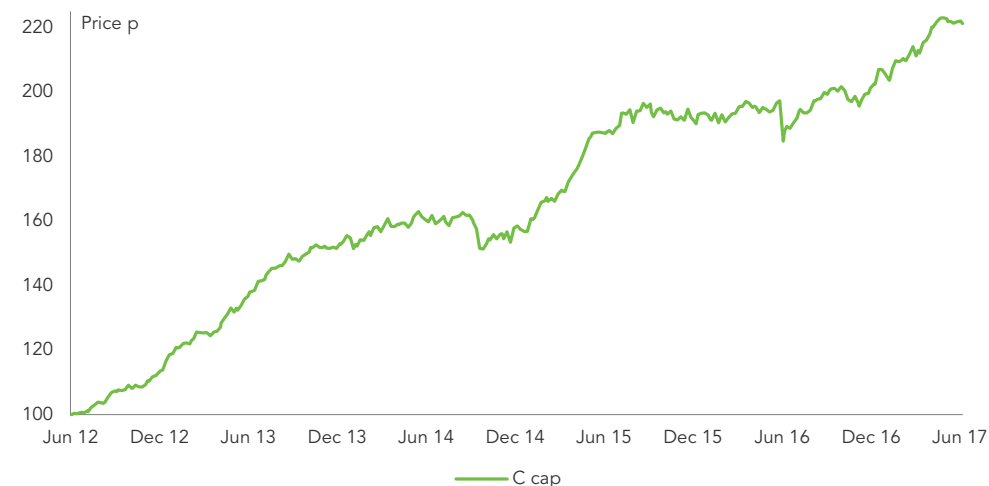
On the negative side of the ledger were Cape and Tesco. After a strong run since the start of the year, Cape have given back some of the performance as the market digests how the company will replace some high value contracts which are scheduled to end in the coming twelve to eighteen months. Tesco announced a good trading update in the period but the sector took a step back after the news that Amazon was increasing its involvement in food retail by bidding for Whole Foods Market in the US. We continue to have a belief in Dave Lewis and the team at Tesco and engage actively to monitor their progress.

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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 %	June 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-0.3	9.2	17.8	38.5	na	na

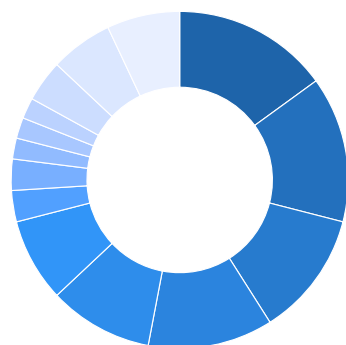
Percentage growth (C GBP cap)	%	Share price as at 30 June 2017	£
30 Jun 2016 – 30 Jun 2017	17.8	O capitalisation GBP	217.44
30 Jun 2015 – 30 Jun 2016	0.1	C capitalisation GBP	221.23
30 Jun 2014 – 30 Jun 2015	17.4	C distribution GBP	198.60
30 Jun 2013 – 30 Jun 2014	15.7	Z capitalisation GBP	234.32
30 Jun 2012 – 30 Jun 2013	38.0	Z distribution GBP	206.09

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 June 2017

Portfolio structure



Asset allocation	%		%
Industrial engineering	15	Media	3
Retail	14	Industrial services	2
Support services	12	Overseas equity	2
Food and beverage	12	Travel and leisure	2
Building	10	Other	4
Technology	8	Cash	6
Oil and gas	3	Options	7

10 largest of 55 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.4	Games Workshop	5.1
FTSE 250 Short ETP	6.6	Eurocell	4.2
Castings	5.6	Cape	4.1
Tesco	5.6	Volex	3.9
Headlam	5.1	Epwin	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 £264.5m

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.

* As 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 30 June 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.3bn was managed in open-ended Ruffer funds.

Enquiries

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