

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



July 2017 Issue 62

The fund's C capitalisation shares rose 2.5% from 221.23 to 226.71 over the month, whilst the FTSE 250 Total Return index and the FTSE Small Cap Total Return index were up by 2.4% and 2.2% respectively.

As things have settled down again and people prepare for their summer breaks, we have seen a more stable market backdrop. This does, however, mask a fairly polarised set of sector performances. As we pass the one year anniversary of the decision for Britain to leave the European Union there still appears to be no clear roadmap for our progression forward. With these uncertain times we are starting to see more signs of de-ratings as concerns around more pure play UK consumer names persist.

We have been cutting back our exposure to these pure play UK consumer names for most of the year, and this piece of the pie now makes up c 30% of the portfolio. As we have trimmed out of these names, many of which have continued to hold up well and therefore maintain portfolio position size, we have taken the opportunity to redeploy the cash and have a number of new ideas we have met and researched over the last year join the roster.

At the start of the month one of our top holdings, Cape Plc, was bid for in an all cash offer at 265p. Whilst this was a 46.2% premium to the prior closing price, and unanimously recommended by the Cape directors, we were not supportive of the bid, as we felt that it did not fully reflect the value we perceive in the company. This uplift in the share price contributed 1.7% to the fund performance and we expect to hear an outcome on the bid in late August or early September.

Following a series of positive updates over the last six months, which had seen the Games Workshop share price rise from £7 at the start of the year to £13.5 in the middle of July, we have had yet another earnings upgrade in their full year results and commentary about a strong start to the current financial year. As a result, the stock returned 33.5% over the month and added 1.5% to the fund's performance.

As we have reported before, we have not had a positive view of markets this past year and clearly this has cost us a bit. We have held too much cash at times and burnt through around 1.3% of our NAV in holding downside protection. Countering this, we have had some formidable stock winners this year, from a number of positions that are both large within the portfolio and have had their difficulties in the past. We appreciate greatly the diligence of the managers of this year's winners, who have worked so hard to bring about the return to fortunes of these businesses. Consequently, despite our somewhat bearish stance, we find ourselves up 12% this year. Whilst we still retain a cautious outlook, we remain confident we have a set of prospects and management teams that will bear fruit for us over the coming 12 months.

Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer UK Mid and Smaller Companies fund (RUM) is not registered for distribution in any country other than Luxembourg, Switzerland (qualified investors only) and the UK. The fund's prospectus and key investor information documents are provided in English and are available on request or from www.ruffer.co.uk. Ruffer LLP is not able to market RUM in other countries, except under certain exemptions.

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



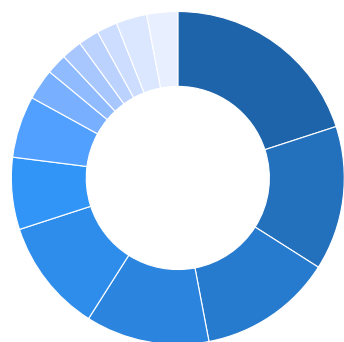
Performance %	July 2017	Year to date	1 year	3 years	5 years	10 years	
C capitalisation shares	2.5	12.0	16.9	40.4	na	na	
Percentage growth (C GBP cap)	%		Share price as at 31 July 2017				£
30 Jun 2016 – 30 Jun 2017	17.8		O capitalisation GBP				222.77
30 Jun 2015 – 30 Jun 2016	0.1		C capitalisation GBP				226.71
30 Jun 2014 – 30 Jun 2015	17.4		C distribution GBP				203.52
30 Jun 2013 – 30 Jun 2014	15.7		Z capitalisation GBP				240.37
30 Jun 2012 – 30 Jun 2013	38.0		Z distribution GBP				211.41

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 July 2017

Portfolio structure



Asset allocation	%		%
Industrial engineering	20	Oil and gas	3
Retail	14	Media	2
Support services	13	Overseas equity	2
Building	12	Industrial services	2
Food and beverage	11	Travel and leisure	2
Technology	7	Other	3
Options	6	Cash	3

10 largest of # equity and # bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food Group	8.0	Games Workshop	5.2
FTSE 250 Short ETP	6.2	Headlam	4.8
Tesco	5.7	Volex	3.8
Cape	5.6	Eurocell	3.5
Castings	5.5	BP	3.1

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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.

Notice for Investors in Switzerland: Ruffer SICAV has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). Any offering materials relating to Ruffer SICAV may be made available in Switzerland solely to Qualified Investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended. Ruffer SICAV's prospectus, KIIDs, articles of association and the annual and semi-annual reports are available free of charge at the office of the Swiss representative: FundPartner Solutions (Suisse) S.A., Route des Acacias 60 CH – 1211 Geneva 73. Ruffer SICAV's paying agent in Switzerland is Banque Pictet & Cie S.A. of the same address.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2017

Fund size £273.7m

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 31 July 2017, assets managed by the Ruffer Group exceeded £21.3bn, of which over £12.5bn 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

† © FTSE 2017. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.