

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



August 2017 Issue 63

The fund's C capitalisation shares rose 0.7% from 226.71 to 228.30 over the month whilst the FTSE 250 Total Return index and the FTSE Small Cap Total Return index were up by 0.4% and 0.5% respectively.

With summer holiday season upon us, there was a notable easing in liquidity across the equity markets, which led to some sharp moves on stock specific news flow. The market was clearly not in the mood to ignore revised outlooks and earnings downgrades and took the sword to the likes of The AA Plc and Provident Financial, the latter of which was down c 75% intraday.

This market sentiment, combined with the ongoing commentary around Brexit, political unrest and storm damage wreaking havoc across the US and South Asia, as well as nervous tension around the missile testing activity in North Korea, led to a waxing and waning of risk appetites in markets.

Within the fund, some of our larger positions also witnessed a mixed month of performance. Headlam Group Plc, Eurocell Group Plc and NWF Group Plc all announced encouraging results and when combined with a positive news flow release from Watkin Jones, on its latest forward sales and development agreement, these names added 80bps to performance. Other names contributing a combined 100bps to the fund included Tesco Plc, Games Workshop Group, Volex Plc and one of the new names to the portfolio, Strix Group Plc.

Strix Group designs, manufactures and supplies control products for the global kettle market as well as products in water heating, steam management, temperature control and water filtration sectors. Coming to market with a price to earnings ratio of approximately seven times and with a prospective yield of 7% this stock offered an attractive entry level for us to build a position.

Detracting this month, two of our names, Finsbury Food Group and Epwin Group Plc, have cost the fund 90 bps. They have been hit by the impact of toughening markets and particularly the foreign exchange headwinds starting to feed through more directly. These pressures have caused Finsbury Food Group to announce the closure of its Grain D'Or premium pastry business and Epwin Group Plc to downgrade its outlook as it has a cloud over c 10% of its revenue base following a change of circumstances affecting two of its customers.

The fund remains engaged in trimming out of some of our winners and re-investing these proceeds in stocks that have fared less well. As always, a rigorous and in-depth look has been taken on all new and growing positions.

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 %	August 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	0.7	12.7	15.8	41.4	na	na

Percentage growth (C GBP cap)	%	Share price as at 31 August 2017	£
30 Jun 2016 – 30 Jun 2017	17.8	O capitalisation GBP	224.25
30 Jun 2015 – 30 Jun 2016	0.1	C capitalisation GBP	228.30
30 Jun 2014 – 30 Jun 2015	17.4	C distribution GBP	204.95
30 Jun 2013 – 30 Jun 2014	15.7	Z capitalisation GBP	242.29
30 Jun 2012 – 30 Jun 2013	38.0	Z distribution GBP	213.10

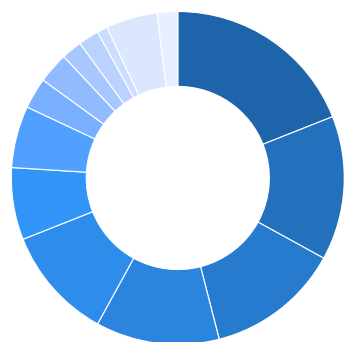
Source: Ruffer LLP

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.

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Ruffer UK Mid and Smaller Companies as at 31 August

Portfolio structure



Asset allocation	%		%
Industrial engineering	19	Oil and gas	3
Retail	14	Media	3
Support services	13	Overseas equity	2
Building	12	Industrial services	2
Food and beverage	11	Travel and leisure	1
Technology	7	Other	5
Options	6	Cash	2

10 largest of 1 equity and 58 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	7.6	Headlam	5.0
Tesco	6.3	Games Workshop	4.6
FTSE 250 Short ETP	6.1	Volex	3.8
Cape	5.6	Eurocell	3.7
Castings	5.5	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 £276.8m

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 August 2017, assets managed by the Ruffer Group exceeded £21.6bn, of which over £12.7bn was managed in open-ended Ruffer funds.

Enquiries

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