

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



October 2017 Issue 65

The fund's C capitalisation shares rose by 0.3% from £233.50 to £234.29 over the month whilst the FTSE 250 Total Return index increased by 2.0%.

October saw the sixth upward sales and profits revision from Games Workshop propelling the stock to new highs and contributing 0.7% to the fund's performance. The stock has trebled this year and has contributed significantly to the fund's year to date performance. We can take credit for understanding the power of the business model with a gross sales margin of 70% and for being in the stock and comprehending the many things their, relatively new, CEO and long-time employee Kevin Rountree was attempting to do to revitalise the product and enthuse the customer base. We had no idea he would be so successful. Shareholders owe him and his team a big thank you for the courage, patience and tenacity they have shown to deliver this tremendous performance. Many thanks to Kevin and his team from all at Ruffer.

It was also pleasing to see Volex continue its price recovery as other investors start to understand the hard-fought turn around that the Chairman, Nat Rothschild and CFO, Daren Morris have been delivering. The stock contributed 0.4% to this month's NAV. We own a substantial chunk of this business and continue to have big hopes that the team can continue to enhance margins through rational decision making, improving the quality of the workforce and new business wins. On top of this, with their balance sheet now un-gearred, we can look forward to bolt on acquisitions to enhance performance.

CML Microsystems Plc, one of our smaller positions and a very well-managed company, reported that sales and profits were tracking ahead of expectations. Oxford Metrics Plc reported a similar outlook and both companies aided performance by 0.4%. During the month, the oil price continued to strengthen; at the back-end, BP Plc reported results well ahead of expectations causing the stock to rally 4% on the day, 9% on the month and added 0.2% to our monthly NAV.

Sadly, all is never well, and a relatively newcomer to the fund, and an Initial Public Offering ('IPO') to boot, Accrol, updated the market that they had lost control of the equation between input costs and the ability to pass through a price rise. This resulted in the suspension of the stock whilst the company enters into negotiations to re-finance, with both their banks and shareholders. We have prudently marked the stock down, costing the fund 0.7% on the month, from what is a small holding. We also had difficult results from Lombard Risk, again a small holding, but when they disappoint they can still hurt. This regulatory, risk management and trading software business has decent gross margins, and when sales are not made the result is painful. Lombard in its half year saw sales fall 16% resulting in a loss for the period of £5.9 million and a share price which fell 35% on the announcement. The stock cost the fund 0.4% on the month.

We continue to strive to pick stocks which will be 'winners' for the fund. However, we recognise that we do not have a crystal ball and hope that mistakes, when they happen, do not cost too much and provide opportunities for us to learn and refine our checks and processes.

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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 %	October 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	0.3	15.7	16.9	51.7	na	na

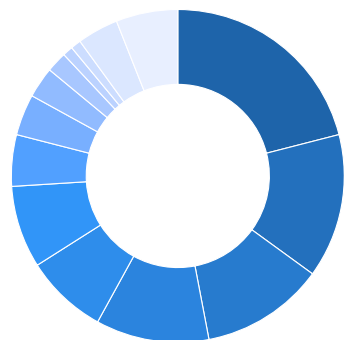
Percentage growth (C GBP cap)	%	Share price as at 31 October 2017	£
30 Sep 2016 – 30 Sep 2017	16.5	O capitalisation GBP	229.99
30 Sep 2015 – 30 Sep 2016	3.5	C capitalisation GBP	234.29
30 Sep 2014 – 30 Sep 2015	21.4	C distribution GBP	210.32
30 Sep 2013 – 30 Sep 2014	7.5	Z capitalisation GBP	249.12
30 Sep 2012 – 30 Sep 2013	38.5	Z distribution GBP	219.10

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.

Ruffer UK Mid and Smaller Companies as at 31 Oct 2017

Portfolio structure



Asset allocation	%		%
Industrial engineering	21	Biotechnology	4
Retail	14	Media	3
Building	12	Overseas equity	2
Food and beverage	11	Travel and leisure	1
Support services	8	Industrial services	1
Technology	8	Other	4
Options	5	Cash	6

10 largest of 58 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	7.5	Headlam	4.6
Tesco	6.5	Volex	4.2
FTSE 250 Short ETP	5.4	Eurocell	3.6
Games Workshop	5.3	BP	3.4
Castings	4.8	TI Fluid Systems	3.2

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 £286.5m

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 31 October 2017, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.2bn was managed in open-ended Ruffer funds.

Enquiries

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