

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



January 2018 Issue 68

The fund's C capitalisation shares rose 1.0% from £239.29 to £241.74, whilst the FTSE 250 Total Return index fell 2.2% and the FTSE Small Cap Total Return index fell by 0.1%.

After a strong run into the close of last year, markets have started 2018 on a more tentative foot, as the increasing grumbles from the Bear suggest that it is considering waking up from its extended hibernation. It currently feels like the Bull will not have all its own way this year, which we find somewhat refreshing. We remain cautiously optimistic about the positioning of our assets, noting low conventional valuations and strong balance sheets, as characteristics that dominate our stock selection.

During the month we were pleased to see one of our newer positions, Nexus Infrastructure, deliver a strong set of maiden numbers which sent the shares up 20% and, as a result, added 0.6% to performance.

Nexus is a provider of a range of infrastructure services, primarily in the Home Counties, East Anglia, London and the Southwest and it operates through two businesses – Tamdown and TriConnex. The company has a history of providing high quality service, on time and on budget, with high levels of customer responsiveness, which generates additional business to contracted work. At 250p it trades on an ungeared price earnings multiple of 10x and yields over 3%. We believe the company remains well positioned to take advantage of increased infrastructure spend in the UK and will continue to grow its utility connection business, following the deregulation of this sector, over the last ten years.

Elsewhere, as commodity prices such as butter, which acted as a headwind to a number of our names in 2017, have started to ease, we have seen encouraging reactions to the likes of Finsbury Food Group and Bakkavor Group which combined added 0.7% to the fund this month. The other positive to mention is Lombard Risk Management, a risk reporting and technology company we held to benefit from the wave of regulatory requirements that have come into the banking, asset management and wider financial markets industry. This was bid for at a premium of approximately 90% on 23 January by Vermeg Group and added 0.7% to performance.

Detracting from performance were two of our top five performers from 2017: Volex and Games Workshop. Neither attracted any meaningful newsflow (although Volex did move its listing to AIM) and, as such, we remain comfortable with the portfolio positions and their outlook for the year ahead.

Over the month we invested some inflows and deployed these into the likes of Tesco, ITV and Van Elle, whilst still allowing our cash position to grow from 2.6% to 3.6%. We have also retained our 6.5% short FTSE 250 position.

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 %	January 2018	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	1.0	1.0	18.7	50.7	100.4	na

Percentage growth (C GBP cap)	%	Share price as at 31 January 2018	£
31 Dec 2016 – 31 Dec 2017	18.2	O capitalisation GBP	237.11
31 Dec 2015 – 31 Dec 2016	6.5	C capitalisation GBP	241.74
31 Dec 2014 – 31 Dec 2015	20.1	C distribution GBP	207.27
31 Dec 2013 – 31 Dec 2014	3.6	Z capitalisation GBP	257.79
31 Dec 2012 – 31 Dec 2013	34.3	Z distribution GBP	215.21

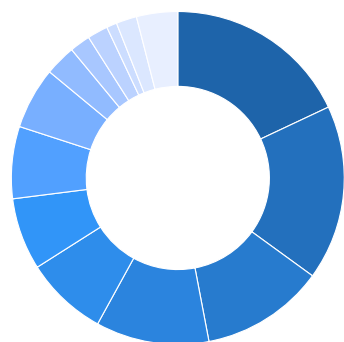
Source: Ruffer LLP

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 Jan 2018

Portfolio structure



Asset allocation	%		%
Industrial engineering	18	Media	6
Retail	17	Oil and gas	3
Food and beverage	12	Biotechnology	2
Building	11	Overseas equity	2
Support services	8	Financial	1
Technology	7	Other	2
Options	7	Cash	4

10 largest of 62 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	7.2	ITV	4.6
Tesco	7.2	Castings	4.2
FTSE 250 Short ETP	6.5	Volex	3.8
Games Workshop	4.7	Nexus Infrastructure	3.6
Headlam	4.6	BP	2.9

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 £330.3m

Fund information

Ongoing Charges Figure* %	Cap	Dis	
O class GBP	1.65	na	
C class GBP	1.31	1.31	
Z class GBP	0.16	0.16	
%	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 2017

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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.

Alex Jamieson

RESEARCH ASSOCIATE



Joined Ruffer in 2012 as Risk and Attribution Manager, moving to the Ruffer Mid and Smaller Companies team in 2014. Prior to this, he spent four years at F&C Investments and State Street. Holds a Masters degree in international financial analysis from Newcastle University. He is a CFA charterholder.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2018, assets managed by the Ruffer Group exceeded £22.7bn, of which over £14.0bn was managed in open-ended Ruffer funds.

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