

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



March 2018 Issue 70

The fund's C capitalisation shares fell 5.0% from £236.60 to £224.81, whilst the FTSE 250 Total Return index fell 0.9% and the FTSE Small Cap Total Return index fell by 1.7%.

After taking a few hits in February, equity markets continued to show elevated levels of volatility throughout March. For now, the ship continues to navigate forward carrying a few battle scars but none yet appearing to be significant enough to send people running for the lifeboats. Data for the final three months of 2017 has confirmed the loss of consumer spending volume momentum. Despite buoyant stock market performance in 2017, the consumer appears to remain cautious as concerns around ongoing Brexit discussions, the wider political landscape, a stalling property market and interest rates edging higher weigh on confidence.

This has been seen with some headline grabbing announcements from well-known high street names such as Homebase, Carpetright, Toys'R'Us and Mothercare. A number of our names have also been affected and the market has been quick to de-rate companies which have commented on softening trading into 2018. Headlam is one such example, which despite beating full year expectations for 2017, was punished by a 20% share price fall due to a weaker start in 2018. This cost the portfolio 0.8%.

Other names hurting performance include ITV, a true barometer of UK economic confidence levels, which cost 0.5%, Safestyle, which continues to suffer at the hands of an aggressive new market entrant, costing the portfolio 0.3% and Gloo Networks, which pulled the plug on its proposed reverse takeover of its target company. This, along with other opportunities that Gloo has pursued, required significant resources and as such, the net asset value of the company was marked down significantly. As a result, the share price dropped over 60%, costing the portfolio 0.5%.

There were pockets of good news in the month, with one of our long-term top holdings, Finsbury Food Group, announcing their interim results. The benefits of over 18 months of hard work could be clearly evidenced, with very resilient performance in the face of sustained market-wide headwinds. We continue to hold the management team in high regard and greatly admire the solid, diverse company they have built in the bakery and food service sectors. We look forward to further consolidation opportunities occurring in the future.

It has been a tough start to 2018 and we have suffered a number of self-inflicted wounds. Going forward, whilst remaining nervous of markets, we remain confident in the portfolio positioning.

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 %	March 2018	Year to date	1 year	3 years	5 years	10 years	
C capitalisation shares	-5.0	-6.1	5.6	32.7	79.3	na	
Percentage growth (C GBP cap)	%		Share price as at 31 March 2018				£
31 Mar 2017 – 31 Mar 2018	5.6		O capitalisation GBP				220.38
31 Mar 2016 – 31 Mar 2017	8.8		C capitalisation GBP				224.81
31 Mar 2015 – 31 Mar 2016	15.4		C distribution GBP				192.75
31 Mar 2014 – 31 Mar 2015	6.8		Z capitalisation GBP				240.18
31 Mar 2013 – 31 Mar 2014	26.5		Z distribution GBP				200.51

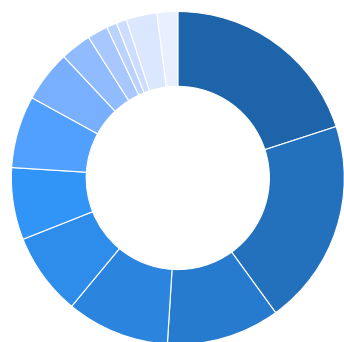
Source: Ruffer LLP

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Ruffer UK Mid and Smaller Companies as at 31 Mar 2018

Portfolio structure



Asset allocation	%		%
Industrial engineering	20	Media	5
Retail	20	Oil and gas	3
Food and beverage	11	Overseas equity	2
Building	10	Financial	1
Options	8	Bonds	1
Support services	7	Other	3
Technology	7	Cash	2

10 largest of 59 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Tesco	9.2	Headlam	4.6
Finsbury Food	7.9	Castings	4.2
FTSE 250 Short ETP	7.9	Volex	3.7
Games Workshop	5.0	Nexus Infrastructure	3.4
ITV	4.7	Dixons Carphone	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 £307.9m

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 22 January 2018

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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 ANALYST



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 March 2018, assets managed by the Ruffer Group exceeded £22.0bn, of which over £13.6bn was managed in open-ended Ruffer funds.

Enquiries

Ruffer LLP +44 (0)20 7963 8254
80 Victoria Street rif@ruffer.co.uk
London
SW1E 5JL www.ruffer.co.uk