

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



April 2018 Issue 71

The fund's C capitalisation shares recovered the lost performance from March rising 5.3% from £224.81 to £236.65. The FTSE 250 Total Return index climbed 4.7% and the FTSE Small Cap Total Return index was up 5.2%.

At face value the markets appear to march on unscathed from the skirmish of February and are already looking forward to the vigour of spring ahead. We have hunkered down, weathered the storm, and seen off the 'Beast from the East' but the questions remains: is any of the damage done yet to be truly revealed? Asset prices remain at highly elevated levels since the credit crisis and an acrid taste lingers for vast swathes of the population as the financial game endures and the benefits continue to be enjoyed by the few.

As the sun hits our faces and we sit back and witness the recent stark change in sentiment I am reminded of a quote by the Austrian poet Rainer Maria Rilke: 'Everything is blooming most recklessly, if it were voices instead of colours, there would be an unbelievable shrieking into the heart of the night'. The question is, are these shrieks of joy, or warnings of what is to come?

In terms of the fund we remain mindful of these questions but confident in our portfolio composition and the quality and strength of the investments we have made and feel we are well positioned for the coming period. Whilst there are always unanswered questions and surprises to manage it was extremely pleasing to see a number of our largest positions announce strong results in the month and see congruent share price reactions.

Tesco, a position we built throughout 2017 added 140bps. After much heavy lifting by the new management team over a number of years and with the Booker acquisition now complete the company announced strong full year results which the market could no longer ignore. Whilst we are still early in the journey, and with the sector now witnessing the inevitable reshuffle (with news late in the month of a proposed acquisition of Asda by Sainsburys) we continue to believe that there this investment will offer us a fruitful future led by a high quality management team.

Other names adding to performance include Finsbury Food Group and Volex, both adding 70bps and ITV and BP adding 40bps each.

On the negative side of things there was further pain for Safestyle, costing 25bps, as the competitive landscape continued to persist and a step back from Nexus after a delay was flagged to its Triconnex revenue pull through. This cost the fund 30bps.

Despite the strong market performance we remain wary of the fragile feeling of the UK consumer and the artificial nature behind the market drivers. To mitigate this we retain our short position on the FTSE 250 (which cost 35bps in the month) and take some added comfort against a correction having initiated a new put position on the S&P.

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 %	April 2018	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	5.3	-1.1	7.5	34.4	84.5	na

Percentage growth (C GBP cap)	%	Share price as at 30 April 2018	£
31 Mar 2017 – 31 Mar 2018	5.6	O capitalisation GBP	231.92
31 Mar 2016 – 31 Mar 2017	8.8	C capitalisation GBP	236.65
31 Mar 2015 – 31 Mar 2016	15.4	C distribution GBP	202.90
31 Mar 2014 – 31 Mar 2015	6.8	Z capitalisation GBP	253.06
31 Mar 2013 – 31 Mar 2014	26.5	Z distribution GBP	211.27

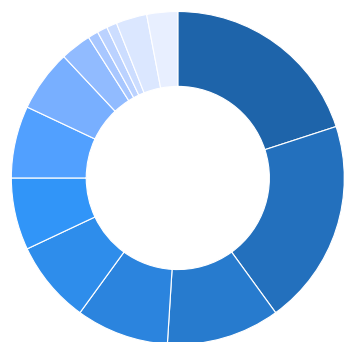
Source: Ruffer LLP

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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 30 April 2018

Portfolio structure



Asset allocation	%		%
Industrial engineering	20	Media	6
Retail	20	Oil and gas	3
Food and beverage	11	Overseas equity	1
Building	9	Pharmaceuticals	1
Options	8	Financial	1
Support services	7	Other	3
Technology	7	Cash	3

10 largest of 60 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Tesco	9.5	Headlam	4.4
Finsbury Food	7.8	Volex	4.1
FTSE 250 Short ETP	7.0	Castings	3.9
ITV	5.1	Dixons Carphone	3.2
Games Workshop	4.8	BP	3.0

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 £329.8m

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 last calendar 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 30 April 2018, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.9bn was managed in open-ended Ruffer funds.

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