

# Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



May 2018 Issue 72

The fund's C capitalisation shares rose 2.2% from £236.65 to £241.91 in May. The FTSE 250 Total Return index climbed 3.1% and the FTSE Small Cap Total Return index was up 1.5%.

Solid worldwide economic growth, combined with stable inflation data, won the month and 'buy the dips' continued to be the successful trade with markets moving to make all-time highs. Those worried about the quantum of debt, the ever increasing pension burden, high corporate margins and discord from millennials and the non-elites remain side-lined and ever fretful.

As part of the 'greed' element in the Ruffer portfolios, we continue to focus on our role to navigate this precarious situation, deploying our clients' money to the best of our abilities to stay both engaged with the market, whilst maintaining a strong eye on capital preservation. One of the tools at our disposal to manage this is our ongoing protection positions, utilising an S&P put option and our short FTSE 250 exchange traded product. With markets strong in the month these combined to cost us 0.7%.

Other names detracting from performance included Frontier Smart Technologies which announced tough trading conditions in an update to the market which resulted in a 45% share price fall, costing the fund 0.3%.

Dixons Carphone, under the new leadership of Alex Baldock, also issued a trading statement confirming expectations for 2018 but resetting guidance for 2019 as he looks to position the company for his vision of the future. This resulted in the stock giving back its recent gains and cost the fund 0.2%.

ITV Plc, a stock which we have been building again over the last six months, issued a robust Q1 trading update in the month and as a result added 0.4% to the fund. The advertising portion of the business continues to face some market headwinds but the core content and viewership data grows in strength. The new CEO, Carolyn McCall, continues to focus on her vision for the future and we expect to hear more on her plans later in the year.

Another strong performer in the month was Elektron, which announced its full year results with strong numbers from the core Bulgin operation, renewed focus in the eye technology unit and further progress with its emerging Checkit business.

Also adding to performance in the month were Games Workshop and Tesco Plc, which contributed 0.8% and 0.5% respectively.

We took part in a placing for Volex in the month as it looks to make some attractive bolt on acquisitions having stabilised its core operations. To fund this, we continue to trim stocks which have performed well such as Games Workshop and also many of our smaller capitalised more illiquid positions to maintain a c. 2-2.5% cash 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 %	May 2018	Year to date	1 year	3 years	5 years	10 years	
C capitalisation shares	2.2	1.1	9.0	30.0	81.9	na	
Percentage growth (C GBP cap)	%		Share price as at 31 May 2018				£
31 Mar 2017 – 31 Mar 2018	5.6		O capitalisation GBP				237.02
31 Mar 2016 – 31 Mar 2017	8.8		C capitalisation GBP				241.91
31 Mar 2015 – 31 Mar 2016	15.4		C distribution GBP				207.41
31 Mar 2014 – 31 Mar 2015	6.8		Z capitalisation GBP				258.93
31 Mar 2013 – 31 Mar 2014	26.5		Z distribution GBP				216.17

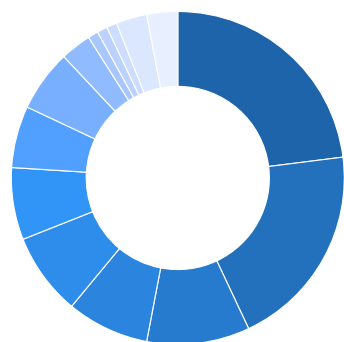
Source: Ruffer LLP

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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 31 May 2018

## Portfolio structure



Asset allocation	%		%
Industrial engineering	23	Media	6
Retail	20	Oil and gas	3
Food and beverage	10	Industrial services	1
Options	8	Overseas equity	1
Building	8	Financial	1
Support services	7	Other	3
Technology	6	Cash	3

## 10 largest of 63 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Tesco	9.4	Games Workshop	4.7
FTSE 250 Short ETP	7.9	Headlam	4.1
Finsbury Food	7.4	Castings	3.7
Volex	6.3	BP	2.9
ITV	5.1	Nexus Infrastructure	2.8

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 £336.7m

## 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 31 May 2018, assets managed by the Ruffer Group exceeded £22.4bn, of which over £14.1bn was managed in open-ended Ruffer funds.

## Enquiries

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