

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



June 2018 Issue 73

The fund's C capitalisation shares dropped 0.2% from £241.91 to £241.32. The FTSE 250 Total Return index climbed 0.1% and the FTSE Small Cap Total Return index fell 0.6%.

As World Cup fever grips, it was novel to see that for once, the shock announcements out of Europe were not political or financial in nature. If the current champions Germany can finish bottom of their group and the much fancied Spanish can crash out to their Russian hosts, should we be bracing for a summer of surprises? Much like the football, June turned out to be a month of two halves. Following the strong run in May, the market continued to gently climb for the first few weeks before a controlled retreat towards the end. The main drivers of the market were in the mining and oil and gas sectors to which we have limited exposure.

As the market moved higher, we chose to add to our protection in the fund and increased the size of our direct short on the FTSE 250 by approximately 1%. This was funded through trimming a number of our stocks that performed well during the month and which also led to our cash balance increasing to around 4%.

Following last month's drop in price, we deployed some of our cash back into Dixons Carphone and after a recent meeting with the new CEO, Alex Baldock, we remain enthused about the potential for the group under his stewardship and look forward to the journey ahead.

As is often the case, performance was driven by specific stocks. On the back of a robust Q1 trading statement with positive like-for-like sales and signs that the Booker integration is progressing well, our largest position, Tesco, rose around 5% adding 0.4% to the fund. Another name to mention is Strix Group Plc. Strix manufactures and supplies control products for the global kettle market, as well as products in water heating, steam management, temperature control and water filtration sectors. The stock rose 15% over the month and added 0.2% to the fund.

Contributing negatively to performance was Finsbury Food Group, which following a strong run in the price since the start of the year, suffered as the market took note of the significant rise in butter and packaging costs, a major input cost for the baked goods producer. Nonetheless, we remain confident in the management team to navigate their way through such fluctuations and, at some stage in the future, utilise their position in the market, and strong balance sheet, to take advantage of industry consolidation opportunities.

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 %	June 2018	Year to date	1 year	3 years	5 years	10 years	
C capitalisation shares	-0.2	0.8	9.1	28.7	74.8	na	
Percentage growth (C GBP cap)	%		Share price as at 30 June 2018				£
30 Jun 2017 – 30 Jun 2018	9.1		O capitalisation GBP				236.37
30 Jun 2016 – 30 Jun 2017	17.8		C capitalisation GBP				241.32
30 Jun 2015 – 30 Jun 2016	0.1		C distribution GBP				206.90
30 Jun 2014 – 30 Jun 2015	17.4		Z capitalisation GBP				258.54
30 Jun 2013 – 30 Jun 2014	15.7		Z distribution GBP				215.84

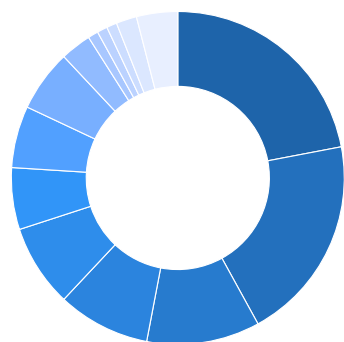
Source: Ruffer LLP

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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 June 2018

Portfolio structure



Asset allocation	%		%
Industrial engineering	22	Media	6
Retail	20	Oil and gas	3
Food and beverage	11	Biotechnology	1
Options	9	Industrial services	1
Building	8	Financial	1
Support services	6	Other	2
Technology	6	Cash	4

10 largest of 59 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Tesco	9.8	Games Workshop	4.2
FTSE 250 Short ETP	9.0	Headlam	4.0
Finsbury Food	7.0	Castings	3.8
Volvo	6.1	Dixons Carphone	3.3
ITV	5.3	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 £335.8m

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 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

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