

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



July 2018 Issue 74

During July, the fund's C capitalisation shares fell by 1.5% from £241.32 to £237.63. The FTSE 250 Total Return index climbed 0.4% and the FTSE Small Cap Total Return index was up 0.3%.

July was a poor month for the fund. Seven of our holdings reported on results or gave trading updates. Our stand out reporter was Volex, a company that has been on a long period of rehabilitation under the management team of the last three years. This has involved stabilising the balance sheet, cutting costs to control declining sales from two key customers, generally rising input prices and winning new customers. This action revived profitability, allowing the company to raise new funds for acquisitions and has also enabled them to report at the close of July that first quarter sales have risen 7% and with costs still falling, a healthy uplift in margins. The stock rose some 14% on the back of this statement adding approximately 0.4% to the fund's NAV. This has been a hard fought turn around, which should result in more investors taking an interest in how the business develops from here. All our other reports were in line with expectations, which is no mean feat in these more turbulent and challenging times.

In the UK, however, whilst the mercury soared and the country prepared for a record-breaking summer, the Brexit cloud darkened and sentiment towards pure UK domestic stocks chilled somewhat. Consequently, three of our domestically exposed investments, ITV, Headlam and Dixons Carphone, weakened during the month all falling between 5%-6%. Given they are all significant holdings, these combined to reduce the fund's NAV by 0.7%. All three of these companies are dominant in their market, modestly rated, are conservatively financed, offer the investor high yields and have very capable management teams. We look forward to watching how well they cope with what the future brings.

As for our view of the future, we remain certain that the road ahead looks as difficult to navigate as any seen in the past 40 years. We take some comfort in the strong financial position many of our companies are in and also the shifts we have made to move into defensive sectors such as food, whilst also retaining some protection via both cash and our FTSE 250 short 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 %	July 2018	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-1.5	-0.7	4.8	22.9	66.1	na

Percentage growth (C GBP cap)	%	Share price as at 31 July 2018	£
30 Jun 2017 – 30 Jun 2018	9.1	O capitalisation GBP	232.69
30 Jun 2016 – 30 Jun 2017	17.8	C capitalisation GBP	237.63
30 Jun 2015 – 30 Jun 2016	0.1	C distribution GBP	203.74
30 Jun 2014 – 30 Jun 2015	17.4	Z capitalisation GBP	254.84
30 Jun 2013 – 30 Jun 2014	15.7	Z distribution GBP	212.75

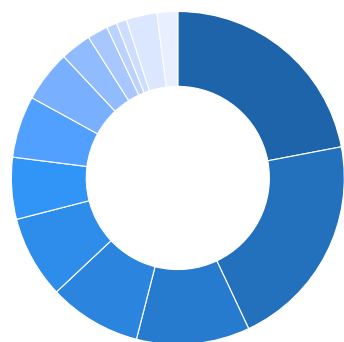
Source: Ruffer LLP

Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer UK Mid and Smaller Companies fund (RUM) is not registered for distribution in any country other than Luxembourg and the UK. The fund's prospectus and key investor information documents are provided in English and are available on request or from www.ruffer.co.uk. Ruffer LLP is not able to market RUM in other countries, except under certain exemptions.

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 July 2018

Portfolio structure



Asset allocation	%		%
Industrial engineering	22	Media	5
Retail	21	Oil and gas	3
Food and beverage	11	Real estate	2
Options	9	Industrial services	1
Building	8	Financial	1
Technology	6	Other	3
Support services	6	Cash	2

10 largest of 60 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Tesco	10.0	Games Workshop	4.2
FTSE 250 Short ETP	9.1	Castings	4.0
Finsbury Food	7.4	Headlam	4.0
Volex	6.7	Dixons Carphone	3.6
ITV	4.8	BP	3.0

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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.

Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2018

Fund size £326.1m

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

† © FTSE 2018. 'FTSE®' is a trade mark of London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE Data vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability in relation to the FTSE Data data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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.

Enquiries

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