

# Ruffer UK Mid and Smaller Companies

## Positive results from UK mid and smaller companies

The fund's C capitalisation shares rose 3.8% from £215.39 to £223.65 in Q2 2019. The FTSE 250 Total Return index climbed 2.9% and the FTSE Small Cap Total Return index was up 3.0%.

Following the difficult first quarter of 2019, the fund has recovered the lost ground in Q2. Investors are still standing on the sidelines as the Brexit can continues to be kicked down the road and there have been notable impacts on nationwide projects and programs with words such as 'deferred', 'volatile' and 'postponed' appearing all too commonly in company results commentaries.

One company which fell foul to these 'stop/start' conditions was Nexus Infrastructure which issued a profit warning, sending the shares down over 30% and costing the fund 1.3%. Nexus is an owner-managed business providing essential infrastructure services to the UK housebuilding and commercial sectors. It has a growing pipeline of work in the ground preparation space, a utilities connection business and a startup eSmart Networks business gaining traction. The balance sheet has net cash and we are confident the team will navigate recent setbacks.

There was also a further setback in share price for Dixons Carphone, which fell 25% and cost us 1.3%. Our long term view on the potential for the stock under its new management team remains the same, but an acceleration in the deterioration of the UK mobile business has meant the team are acting sooner and more vehemently to stop the rot in the Carphone Warehouse portion of the business and position it for the future. They have also taken this juncture to accelerate other aspects of their five year plan, with the benefits now pulled forward following the success of early actions taken this year. This market leader is getting back on the front foot to create a business which helps customers, find, choose, afford and enjoy technology.

The fund did have its winners driven by stock specific news and the stalwart of the fund, Games Workshop, continued to make new highs with the stock up nearly 60% and contributing 2.3% to performance. Other names making notable progress on their journeys included Elektron, which moves into our top ten positions following a 40% share price appreciation, as well as Castings, which posted robust numbers with exciting new business wins and even offered investors a special dividend.

We have spent much of the last few years concerned about a UK environment where, in the main, volume growth has been slowing and there has been a relentless wave of cost pressures to absorb including the ongoing march of minimum wage, a prolonged spike in food commodity prices and energy bills.

The coming six months show no sign of being any more favourable for the UK market and we remain acutely aware of this. We continue to back stocks we perceive as good value, well run, well positioned and which have in the main strong balance sheets. Given our degree of caution we still retain our short position on the MCX 250 and hold a 6% cash position.

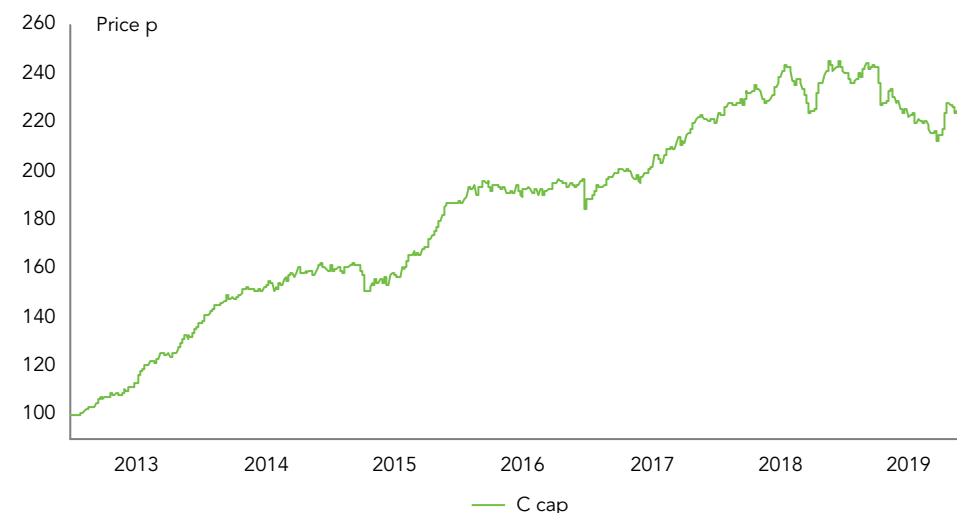
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### Investment objective

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 %	Q2	Year to date	1 year	3 years	5 years
C capitalisation shares	3.8	0.6	-7.3	19.1	40.0

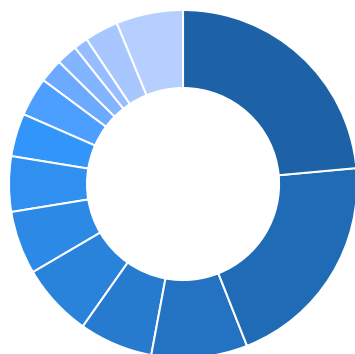
Percentage growth (C GBP cap)	%	Share price as at 30 June 2019	p
30 Jun 2018 – 30 Jun 2019	-7.3	<b>O capitalisation</b>	<b>218.28</b>
30 Jun 2017 – 30 Jun 2018	9.1	<b>C capitalisation</b>	<b>223.65</b>
30 Jun 2016 – 30 Jun 2017	17.8	<b>C distribution</b>	<b>189.15</b>
30 Jun 2015 – 30 Jun 2016	0.1	<b>Z capitalisation</b>	<b>242.39</b>
30 Jun 2014 – 30 Jun 2015	17.4	<b>Z distribution</b>	<b>197.33</b>

Source: Ruffer LLP

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 Jun 2019

## Portfolio structure



Asset allocation	%		%
• Industrial engineering	23.5	• Media	4.0
• Retail	20.5	• Oil and gas	3.5
• Options	8.8	• Industrial services	2.2
• Building	6.8	• Real estate	2.0
• Food and beverage	6.8	• Financial	1.3
• Technology	6.0	• Other	3.2
• Support services	5.1	• Cash	6.2

## 10 largest of 63 holdings

Stock	% of fund	Stock	% of fund
Tesco	9.4	Finsbury Food	4.6
Volex	9.3	Dixons Carphone	4.0
FTSE 250 Short ETP	8.8	ITV	3.8
Castings	5.1	Headlam	3.7
Games Workshop	4.9	Elektron Technology	3.4

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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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 **£291.7m**

## Fund information

Ongoing Charges Figure %	Cap	Dis	
O class GBP	1.61	na	
C class GBP	1.28	1.28	
Z class GBP	0.15	0.15	
%	O class	C class	Z class
Max annual management charge	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

Investment manager Ruffer LLP

Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent FundPartner Solutions (Europe) S.A.

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

## Fund Managers

### 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 2019, assets managed by the Ruffer Group exceeded £20.6bn.

## Enquiries

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