

# Ruffer UK Mid and Smaller Companies

## Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 1.6% from £223.65 to £220.16 in Q3 2019. The FTSE 250 Total Return index rose 3.3% and the FTSE Small Cap Total Return index fell 1.0%.

The quarter was volatile, with markets falling into the middle of August and rallying back to the end of the quarter. Smaller companies remained in difficult territory, as many asset managers have had the liquidity of their funds questioned by internal risk officers, as a result of the difficulties encountered by Woodford Investment Managers and the suspension of the LF Woodford Equity Income fund.

It was pleasing, under these conditions, to see two of our deep value smaller companies both report respectable numbers and outlook and also attract investor interest. Finsbury Foods rallied 14% during the quarter and added 0.7% to performance and Epwin rallied 18% also adding 0.7% to performance.

In the UK, Brexit continued to dominate sentiment from around mid August. The market changed its risk assessment of the UK crashing out of Europe and in general 'value stocks' in the UK and across the globe performed well. Three of our larger cap UK dependent names all performed strongly, with ITV, Tesco and Dixons Carphone adding over 0.5% each to performance. We also saw a bid for one of our smaller holdings, Low and Bonar, at a 100% premium, which took us back to our recent price, so no glory here.

Volex, a star performer over the last three years, succumbed to profit-taking during the quarter and cost the fund a short 1%. The stock is cheaply rated, has rising sales and profits and cash on the balance sheet. We remain confident for its prospects. Sadly Character Group has to contemplate the loss of its star toy license, Peppa Pig, as Entertainment One, Peppa's owner, was bid for by Hasbro, who will, in the future, take Peppa in-house to manufacture and distribute. Character will recover over time, with new pre-school toys to offer, but the short-term damage is real and the stock fell hard on the news and cost the fund 0.7% during the quarter.

We still view the outlook as difficult. Volume growth is difficult to come by, wages are, quite rightly, rising with the tighter labour market and minimum wage pressures, and there is no let up in energy costs. Pushing through price rises is possible, but meets with considerable resistance, leaving profit margins which are definitively under pressure. We believe the majority of our companies are performing well given this backdrop, and note, in the main, their low valuations and strong balance sheets.

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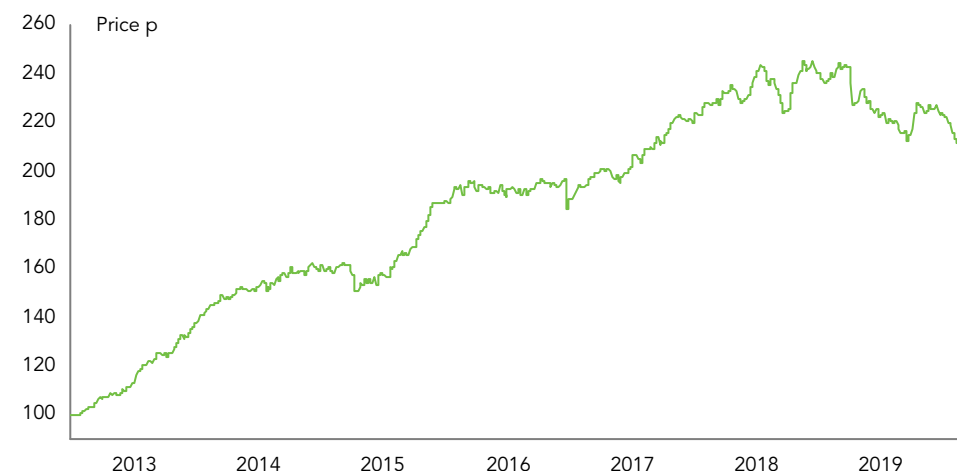


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### Investment objective

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



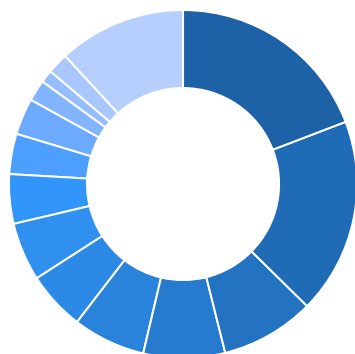
Performance %	Q3	Year to date	1 year	3 years	5 years
C capitalisation shares	-1.6	-0.9	-9.5	9.8	38.0
<b>Percentage growth (C GBP cap)</b>	<b>%</b>	<b>Share price as at 30 September 2019</b>		<b>p</b>	
30 Sep 2018 – 30 Sep 2019	-9.5	<b>O capitalisation</b>	<b>214.70</b>		
30 Sep 2017 – 30 Sep 2018	4.2	<b>C capitalisation</b>	<b>220.16</b>		
30 Sep 2016 – 30 Sep 2017	16.5	<b>C distribution</b>	<b>186.20</b>		
30 Sep 2015 – 30 Sep 2016	3.5	<b>Z capitalisation</b>	<b>239.31</b>		
30 Sep 2014 – 30 Sep 2015	21.4	<b>Z distribution</b>	<b>194.82</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 Sep 2019

## Portfolio structure



Asset allocation	%		%
• Industrial engineering	19.3	• Support services	4.6
• Retail	18.1	• Oil and gas	3.7
• Options	8.7	• Industrial services	3.3
• Food and beverage	7.6	• Real estate	2.1
• Building	6.7	• Financial	1.2
• Media	5.5	• Other	1.9
• Technology	5.5	• Cash	11.9

## 10 largest of 58 holdings

Stock	% of fund	Stock	% of fund
Tesco	8.9	Castings	4.2
Volex	7.9	Games Workshop	4.1
FTSE 250 Short ETP	6.0	Dixons Carphone	4.0
Finsbury Food	5.3	Headlam	3.6
ITV	5.0	Epwin	3.6

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 **£317.2m**

## 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.		

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## 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 August 2019, assets managed by the Ruffer Group exceeded £20.7bn.

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