

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares rose 17.0% from £220.16 to £257.61 in Q4 2019. The FTSE 250 Total Return index and the FTSE Small Cap Total Return index rose 10.4% and 12.2% respectively.

The volatility witnessed at the end of the third quarter continued into the start of the fourth with the Brexit deadlock dominating domestic discussions. After parliament thwarted numerous attempts to progress with any Brexit plan, Boris Johnson played his trump card and called the first December general election since 1923 in an attempt to win back a Commons majority and to 'get Brexit done'.

In what appeared a more binary outcome of a Tory victory or Corbyn led 'coalition of chaos' the market paused for thought and the heat came back out of the rally in domestically exposed names. The polls soon, however, gave some comfort that Boris could pull this off with growing support in the historical Labour heartlands for a Brexit resolution and Corbyn failing to deliver a coherent challenge.

As the confidence returned and money started to gradually flow back towards the UK a number of our names performed very well. One of our largest positions Volex, after succumbing to some profit taking in September, announced a very strong set of results sending the stock up over 70% and adding 5.8% to performance. Other names also benefitting included Nexus Infrastructure which announced it had stabilised some of the operational issues it had faced earlier in the year with the delay and 'stop-start' deferral of a number of projects in its ground engineering division and sowed the seeds for a more prosperous future with robust order book growth – the stock was up over 50%, adding 1.8% to the fund. Our larger cap UK names, ITV, Dixons and Tesco, also ticked the boxes as investors looked for ways to invest in the UK and these combined to add 2.8% to the fund.

Post the election results the UK interest persisted and the UK markets marked higher into the year end taking all of our names with them. With this rally we felt some pain on the structural shorts of the UK indices which dampened performance by 0.7%. Following a significant inflow into the fund and hence an elevated cash position of 13% at the end of the year (growing to over 30% shortly after) we closed these positions from the portfolio as we had an effective 'short' through the elevated cash position.

So we finish 2019 aware there is new optimism around the potential for the UK, but believe there is still a lot to navigate and achieve both on the political and economic front. We are reassured by the potential for some stimulus to now come from a more aligned parliament and continue to expose the portfolio to areas we see potential for spending to occur including food and infrastructure. We do, however, remain minded that longer term volume growth across the wider economy is difficult to come by, wages continue to rise with the tighter labour market and minimum wage pressures, and there is no let up in energy costs. Despite this we believe the majority of our companies are performing well given this backdrop have strong relative market positions, and note, in the main, despite the rally, their still modest valuations and strong balance sheets.

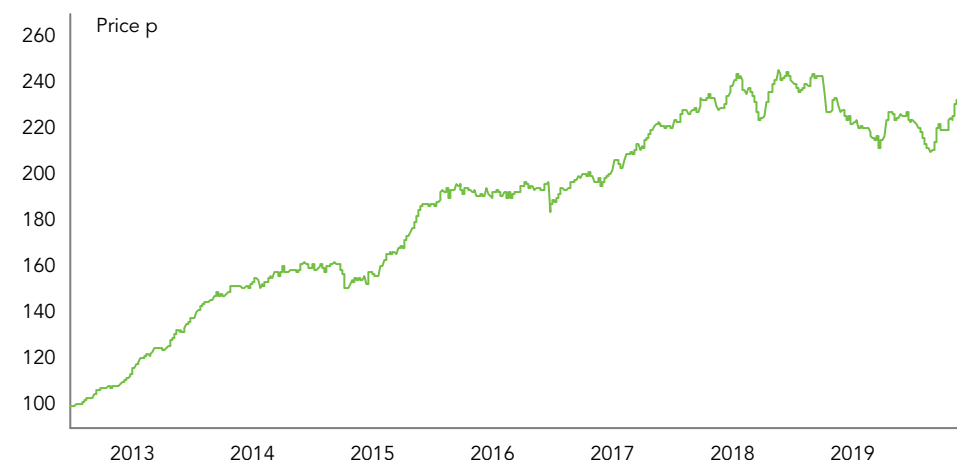
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Investment objective

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 %	Q4	Year to date	1 year	3 years	5 years
C capitalisation shares	17.0	15.9	15.9	27.2	62.8

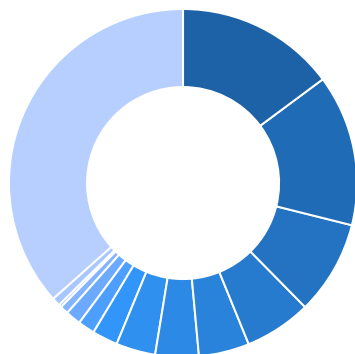
Percentage growth (C GBP cap)	%	Share price as at 31 December 2019	p
31 Dec 2018 – 31 Dec 2019	15.9	O capitalisation	251.03
31 Dec 2017 – 31 Dec 2018	-7.1	C capitalisation	257.61
31 Dec 2016 – 31 Dec 2017	18.2	C distribution	213.58
31 Dec 2015 – 31 Dec 2016	6.5	Z capitalisation	280.81
31 Dec 2014 – 31 Dec 2015	20.1	Z distribution	223.04

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 31 Dec 2019

Portfolio structure



Asset allocation	%		%
Industrial engineering	14.9	Industrial services	2.3
Retail	13.9	Technology	1.7
Food and beverage	8.8	Real estate	1.3
Building	6.2	Financial	0.8
Media	4.7	Overseas equity	0.3
Oil and gas	4.0	Other	0.8
Support services	3.7	Cash	36.5

10 largest of 60 holdings

Stock	% of fund	Stock	% of fund
Tesco	7.1	BP	3.5
Volex	6.4	Epwin	3.2
Bakkavor	4.4	Games Workshop	3.0
Finsbury Food	4.3	Castings	2.8
ITV	4.2	Dixons Carphone	2.8

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 **£548.4m**

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 30 November 2019, assets managed by the Ruffer Group exceeded £19.8bn.

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