

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 3.7% from £343.33 to £330.54 in Q4 2021. The FTSE All-Share Total Return index rose 4.3% in Q4. For the full year, the FTSE All-Share Total Return index was up 18.3%, and the fund's C capitalisation shares were up 11.7%.

A new strain of covid-19, the Omicron variant, has done little to quell rising inflation, or to put off global central banks from slowing down the pace of QE, or from even doing the unthinkable, and raising interest rates. Generally, markets have taken this in their stride, having priced more and more interest rates rises into 2022 throughout the quarter. However, this confluence of a poorer economy on the ground, rising costs of capital, and a market that refuses to fall, has hurt the more cyclically geared stocks in the portfolio in Q4, whilst not doing enough to let the option protection kick in.

The UK market remains at a discount to the rest of the world, despite even more private equity interest in UK assets. This quarter, one of the biggest rumours has been of private equity interest in BT, which has helped it be one of the fund's top performers in the period (adding 0.3% to performance).

A net £18.5m was deposited into the portfolio in the quarter, which was used to initiate a new position in Severfield and to substantially increase our investment in GRIT Real Estate Income Group. The former is a leading steel services company, which we believe to be undervalued as it begins to make mid cycle margins again as India no longer acts as a drag. The latter invests in real estate in Africa, and needed to complete an equity raise to prevent them breaching covenants following a covid-19 deterioration. We believe both can deliver strong returns as normality returns.

The main detractors over the quarter were Volex and Curry's. Volex took 1.5% from performance following their interims where the market was disappointed in their margin and, given the high starting valuation, the price fell sharply. Curry's detracted 1.0% from performance following their guidance on the market strength in the run up to their all-important Christmas trading period. The market seems to believe that a strong H1, and the fact that Curry's said that the market had softened amounted to a covert H2 downgrade, and therefore punished the shares.

The main contributor to performance was Tesco (adding 1.2% to performance). The closing of the deal to acquire Morrison's helped market sentiment, but also continued market share wins, as evidenced by Kantar data. The defensive nature of the business (in light of the Omicron variant), and a strong set of numbers that helped outline the free cash flow of this goliath beast all contributed to a very strong quarter for the shares.

The portfolio remains cautiously positioned, but we continue to worry about inflation risks, hidden liabilities (eg, un/under-funded pension liabilities), and ever-growing debt piles. In general, our portfolio companies have balance sheet strength, are necessary to society, and are lowly valued. The fund retains c. 8% in cash or near cash instruments, and we continue to look for investments that can provide sustainable and predictable cash flows in an unpredictable world.

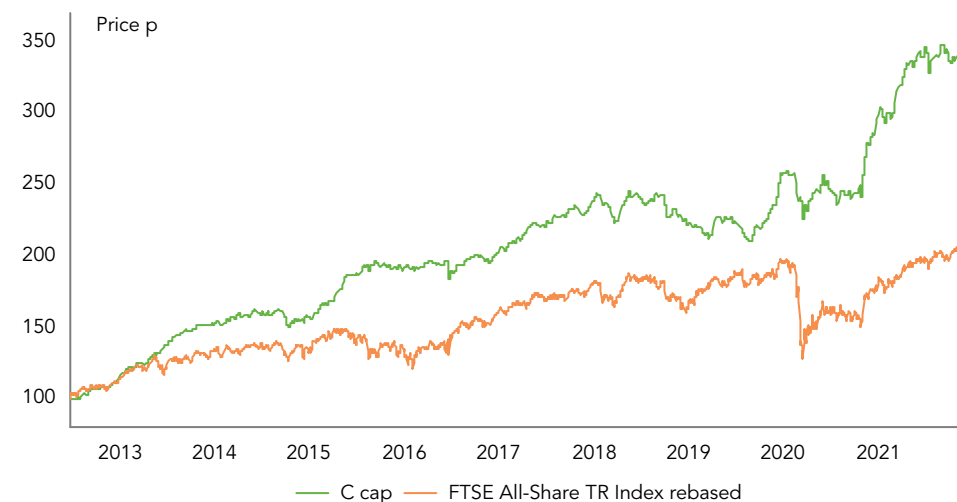
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



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



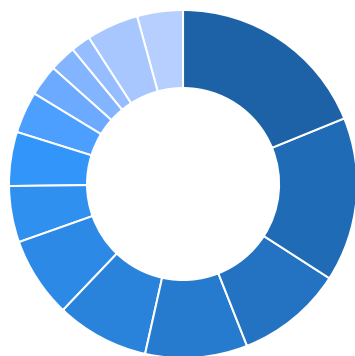
C capitalisation shares	Performance %	Share price as at 31 December 2021	p
Q4	-3.7	O capitalisation	319.96
Year to date	11.7	C capitalisation	330.54
1 year	11.7	C distribution	264.99
3 years	48.7	Z capitalisation	368.68
5 years	63.2	Z distribution	276.90

12 month performance to December %	2017	2018	2019	2020	2021
C cap	18.2	-7.1	15.9	14.9	11.7
FTSE All-Share TR Index rebased	13.1	-9.5	19.2	-9.8	18.3

Source: Ruffer LLP

Ruffer UK Mid and Smaller Companies as at 31 Dec 2021

Portfolio structure



Asset allocation	%		%
• Retail	18.9	• Support services	5.1
• Industrial engineering	15.2	• Options	3.8
• Food and beverage	10.0	• Real estate	3.0
• Industrial services	9.4	• Financial	2.4
• Media	8.5	• Technology	1.8
• Building	7.5	• Other	4.9
• Oil and gas	5.3	• Cash	4.2

10 largest of 61 holdings

Stock	% of fund	Stock	% of fund
Tesco	8.1	Castings	4.6
Dixons Carphone	6.9	Headlam	4.2
Bakkavor	6.1	ITV	4.1
Volex	6.0	BT	3.8
Balfour Beatty	5.4	Finsbury Food	3.8

Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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.

This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2022

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, Switzerland (qualified investors only) and the UK. The fund's prospectus and key investor information documents are provided in English and are available on request or from ruffer.co.uk. Ruffer LLP is not able to market RUM in other countries, except under certain exemptions.

Fund size £661m

Fund information

Ongoing Charges Figure %	Cap	Dis
O class GBP	1.60	na
C class GBP	1.28	1.28
Z class GBP	0.13	0.13

%	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.		
----------	--------------------	--	--

† © FTSE 2022 '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 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 BUSINESS DIRECTOR

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 2021, assets managed by the Ruffer Group exceeded £23.7bn.

Enquiries

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