

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 9.3% from £330.54 to £299.82 in Q1 2022. The FTSE All-Share Total Return index rose 0.5% in the quarter.

Russia's invasion of Ukraine on 24 February and its awful human consequences have overshadowed all else this quarter. That is not to say that nothing else has happened – far from it. The list of overshadowed events includes a new strain of covid-19 (the Omicron variant) sweeping through the world, and rampant inflation moving markets to price in six UK rate hikes in 2022 from four at the start of the year.

In the UK, the consumer is under a great deal of pressure. Inflation is feeding into the cost of living and shows no signs of abating. Despite Mr Sunak's most recent fuel and income tax cuts, overall tax will still rise whilst the energy price cap is increased, giving consumers the proverbial double whammy on their disposable incomes. What is more, there could be more to come. We note that the Omicron variant is causing widespread lockdowns in crucial manufacturing parts of China, and that a good deal of important raw materials come from Russia and Ukraine. This is not to mention the terrifying risk of escalation in the war in Ukraine.

Given these large and growing risks, we have begun to act in the portfolio. The moves have not been drastic, but we have reduced our exposure to big ticket UK consumer spend, with some sales of Currys and Headlam and a complete exit of Kingfisher. We have also reduced exposure to some of the turnaround plays in the construction and contracting sector and cut some of the larger positions to lower gross risk and recycle some of that into other opportunities. We trimmed Tesco and Bakkavor this quarter and invested in ABF.

The oil portion of the portfolio has performed well, contributing 1.4% to performance; BT's inflation-proof infrastructure assets have looked appealing (giving 0.2% to performance); and, the option positions have also mostly worked, adding 0.2% to performance. However, these positive moves have not been enough. Currys has detracted 1.4% from performance due to weak Christmas sales and its exposure to the consumer. Following surging wheat prices, Finsbury Food has cost the fund 1.3%; and, following a profit warning, ITV has subtracted 1.2% from the fund's performance.

There is a possibility that UK companies are facing a rather grim outlook. A consumer recession could cause revenues to crater, whilst inflation causes costs to balloon. Whilst this may not come to pass, the probability that it does is higher today than it was in the past, and if it does, it is difficult to see where one could hide in equity markets. We invest in companies with strong balance sheets as it is our belief that this allows them to invest counter-cyclically and thus to come out of any trouble as stronger, more powerful businesses. Furthermore, it is our belief that investing in lowly valued stocks, for the most part, avoids the double-risk of earnings and valuation downside and only exposes us to earnings downside. Conversely, should this bleak result be avoided, we are confident that the portfolio has the firepower to make strong returns on the upside.

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. Future performance is subject to taxation which depends on each investor's personal situation, and may be subject to change in the future.

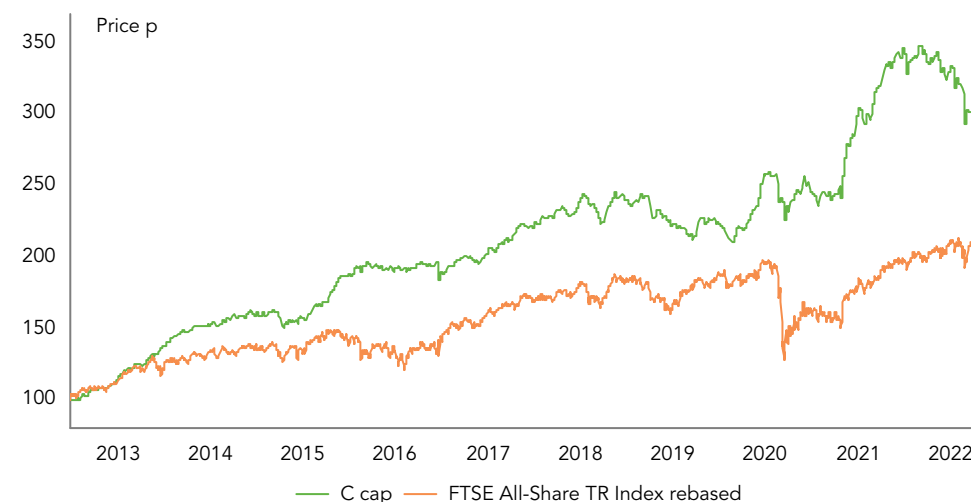


Investment objective

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

Past performance does not predict future returns



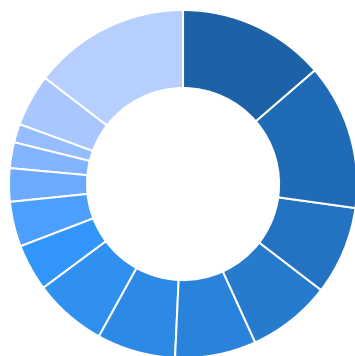
C capitalisation shares	Performance %	Share price as at 31 March 2022	p
Q1	-9.3	O capitalisation	289.99
Year to date	-9.3	C capitalisation	299.82
1 year	-6.2	C distribution	240.37
3 years	39.2	Z capitalisation	335.39
5 years	40.9	Z distribution	251.89
Since inception to 30 June 21	--		

12 month performance to March %	2018	2019	2020	2021	2022
C cap	5.6	-4.2	9.9	35.1	-6.2
FTSE All-Share TR Index rebased	1.2	6.4	-18.5	26.7	13.0

Source: Ruffer LLP

Ruffer UK Mid and Smaller Companies as at 31 Mar 2022

Portfolio structure



Asset allocation	%		%
• Industrial engineering	13.7	• Options	4.3
• Retail	13.6	• Support services	4.2
• Industrial services	8.2	• Real estate	3.2
• Media	7.7	• Financial	2.3
• Food and beverage	7.6	• Biotechnology	1.7
• Oil and gas	7.2	• Other	5.0
• Building	6.9	• Cash	14.5

10 largest of 57 holdings

Stock	% of fund	Stock	% of fund
Tesco	6.8	Castings	4.3
Balfour Beatty	5.6	BT	4.3
Volex	5.1	FTSE 250 Short ETP	4.3
Bakkavor	4.6	BP	4.2
Dixons Carphone	4.6	Headlam	3.6

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

The fund data displayed is designed only to provide summary information. This marketing communication 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 **£597.8m**

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	1.59	1.26	0.11

Maximum initial charge	5.0	5.0	7.5
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Minimum investment £	£1,000	£10m	£30m
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Record date	Third Monday of November		
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Ex dividend dates	Next NAV following the record date		
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Payment	Within five business days after ex dividend date		
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Dealing	Weekly, every Monday (if not a business day, on the following business day) Plus on the last calendar day of each month		
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Cut off	4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)		
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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		
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Investment manager	Ruffer LLP		
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Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent	FundPartner Solutions (Europe) S.A.		
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Custodian	Pictet & Cie (Europe) S.A.		
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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.



Joseph David

RESEARCH ASSOCIATE

Joined Ruffer as a graduate in 2015, after graduating from Cambridge University with an honours degree in philosophy. Moved to the Ruffer Mid and Smaller Companies fund at the start of 2020. 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 28 February 2022, assets managed by the Ruffer Group exceeded £25.3bn.

Enquiries

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