

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 6.0% from £299.82 to £281.89 in Q2 2022. The FTSE All-Share Total Return index fell 5.0% in the quarter.

Markets have continued to fall worldwide, with bonds and equities both losing ground. As the risk-free rate and the equity risk premium have risen "quality growth" stocks have de-rated and concept stocks, which rely on the belief in distant earnings, have been annihilated because the present value of those earnings has deteriorated sharply. Our fund had almost no exposure to the very highly rated and close to zero exposure to concept stocks. Many of our businesses have suffered from the well documented inflation spiral in input costs pressurising margins, and the yet to fully materialise destruction of demand taking revenues down and damaging operational leverage.

The destruction of demand looks set to occur as the UK consumer continues to struggle. Food inflation is at +8.6%, national insurance has risen, and fuel and utilities bills continue to climb, which has led to a near unprecedented decline in consumers' discretionary incomes. What is worse for UK corporates is that UK consumers tend to overestimate the rate of food inflation (in February a dunnhumby survey found that consumers thought food inflation was +14.8% when it was c. +5%), which may mean spending is curtailed more rapidly than the data suggests it should. At a time when the data is so uniformly bad (the CEBR estimate that 20% of households now have "negative discretionary income" meaning their income no longer covers essential spending), it is no wonder that the market expects a serious growth slowdown.

As such, consumer discretionary stocks continued to hurt the fund, with Currys costing 1.0% and Headlam detracting 0.5%. On the other side, falling stock markets pushed the FTSE250 short to contribute 0.5% to performance, and Castings (+0.5%) stood out as the best performer. This was following a decent set of results, which demonstrated the recovery in demand as the truck industry commenced its return to normalising offtake as shortages of semiconductors eased. This along with the stock's robust balance sheet, ability to pass on cost increases, and metric cheapness, helped a capital gain along with a special 15p/s dividend creating a large income gain.

Companies face a difficult environment of swelling costs and falling revenues, and it appears, to us at least, that neither pressure will subside in the short term. As such, we remain bearish, and have continued to reduce our equity exposure and increase our cash levels. We have yet to put our considerable cash balance to any major work, because, whilst some opportunities are presenting themselves, we believe that valuations have fallen but that earnings have further to go. As we wait for further opportunities, we believe that our current holdings, with generally strong balance sheets, dominant market positions, and low ratings will participate strongly in any market upturn.

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.

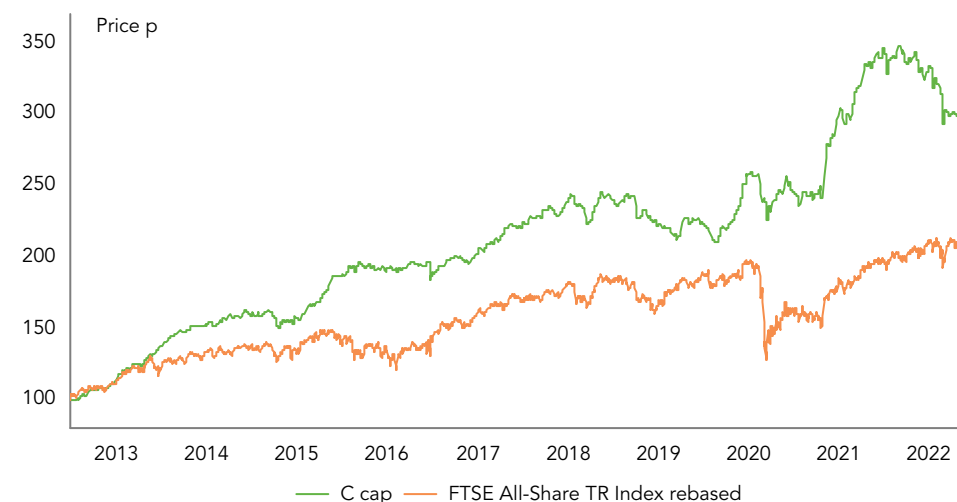


Investment objective

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



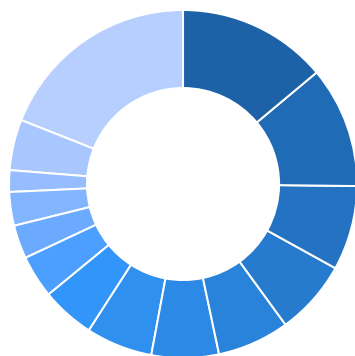
C capitalisation shares	Performance %	Share price as at 30 June 2022	p
Q2	-6.0	O capitalisation	272.45
Year to date	-14.7	C capitalisation	281.89
1 year	-16.9	C distribution	225.99
3 years	26.0	Z capitalisation	316.28
5 years	27.4	Z distribution	237.54
10 years	181.8		

12 month performance to June %	2018	2019	2020	2021	2022
C cap	9.1	-7.3	10.5	37.2	-16.9
FTSE All-Share TR Index rebased	9.0	0.6	-13.0	21.5	1.6

Source: Ruffer LLP

Ruffer UK Mid and Smaller Companies as at 30 Jun 2022

Portfolio structure



Asset allocation	%		%
• Industrial engineering	13.9	• Options	5.0
• Retail	11.3	• Media	4.0
• Industrial services	7.8	• Support services	3.2
• Bonds	7.0	• Real estate	3.1
• Food and beverage	6.7	• Financial	2.0
• Building	6.2	• Other	4.7
• Oil and gas	6.1	• Cash	19.0

10 largest of 56 holdings

Stock	% of fund	Stock	% of fund
UK Treasury index-linked 0.5% 2022	6.8	Voilex	4.4
Tesco	6.1	BP	4.3
Balfour Beatty	5.6	BT	3.6
FTSE 250 Short ETP	5.0	Bakkavor	3.5
Castings	5.0	Epwin	3.4

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.

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.

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Fund size **£549.7m**

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
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Max annual management charge	1.59	1.26	0.11
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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
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Cap	LU0788206679	LU0788036498	LU0788036654
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Dis	LU0788036571 LU0788036738		
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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 31 May 2022, assets managed by the Ruffer Group exceeded £26.6bn.

Enquiries

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