

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares fell 2.5% from £281.89 to £274.75 in Q3 2022. The FTSE All-Share Total Return index fell 3.4% in the quarter.

Inflation rose throughout the quarter in the UK, and the Bank of England predict a peak of c. 11%. Despite this, and despite central banks all over the world hiking aggressively, the Old Lady of Threadneedle Street only opted for two 50bp rate hikes in the quarter. The latter decision incorporated the new government's plan to cap energy prices but did not encapsulate the "mini" budget that helped a rout in sterling and gilts. The dive in prices saw margin calls for pensions' hedging strategies, which further exacerbated selling as they collectively reached for any liquid assets. In the end, this forced the Bank to push back their planned quantitative tightening programme to 31 October, and instead to start buying gilts again.

This pandemonium has crushed equity prices (quarterly numbers mask a sharp fall in the last few weeks of the period) and the fund has not escaped this. However, the move to cash earlier in the year has been beneficial. Cash remains an asset with a high option value, but the fund has yet to put much of it to work. To butcher Churchill, this may be the middle of the beginning.

However, some trades have been made. Most notably, the fund has dipped a toe into the index-linked gilt market, hoping to lock in positive real returns as the assets fell heavily, and perhaps to take the other side of forced selling. Against this, the position in Ince Group was exited fully following a poor acquisition and subsequent fundraise rendering the investment thesis defunct.

Some of the largest detractors have been businesses that are almost exclusively UK based with large pensions (Tesco has subtracted 1.1% from performance and BT has taken away 1.0%), although selling continues of UK consumer discretionary names (with Headlam losing the fund 0.7%). However, strong results from a low valuation have seen Finsbury Food contribute 0.5% to the fund, and opportunistic buying has seen the index-linked bond that matures in 2068 add 1.0%. Balfour Beatty contributed 1.1% following decent results that have seen the market come round to the idea that margins are guaranteed by the government (post the Carilion disaster), and that this is an area of structural growth as governments intend to invest in infrastructure to help stimulate flagging economies.

Last quarter, we claimed that we thought earnings estimates had further to fall. This looks more and more likely as the probability of recession heads towards one. However, caution is still warranted. We are starting to see a disorderly sell off, which is exactly where the future alpha of the fund lies. Should liquidity continue to pinch, and investors sharply allocate away from UK mid and smaller companies, the fund is poised to take the other side. In the meantime, we believe our current holdings remain long term winners, attractively priced.

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.

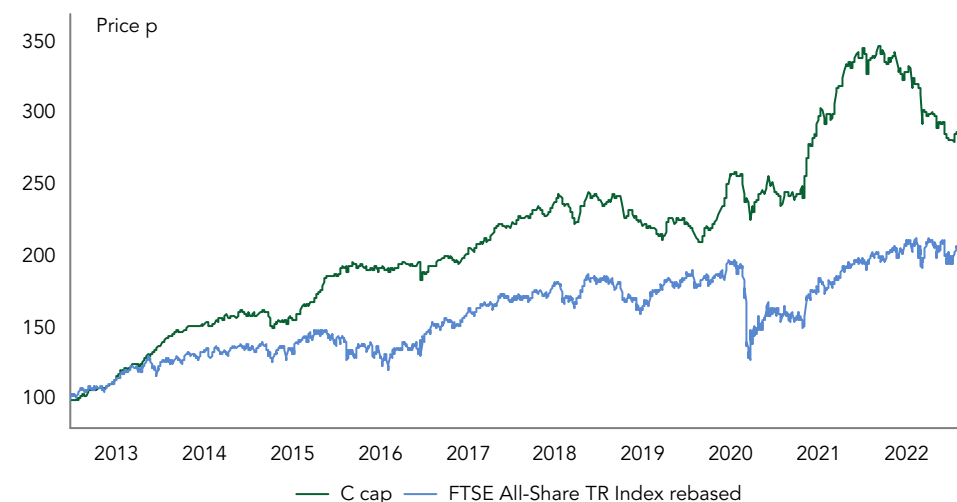


Investment objective

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



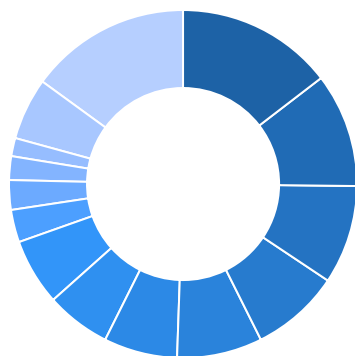
C capitalisation shares	Performance %	Share price as at 30 September 2022	p
Q3	-2.5	O capitalisation	265.35
Year to date	-16.9	C capitalisation	274.75
1 year	-20.0	C distribution	220.27
3 years	24.8	Z capitalisation	309.20
5 years	17.7	Z distribution	232.22
10 years	156.6		
Since inception to 30 June 22	181.9		

12 month performance to September %	2018	2019	2020	2021	2022
C cap	4.2	-9.5	10.6	41.0	-20.0
FTSE All-Share TR Index rebased	5.9	2.7	-16.6	27.9	-4.0

Source: Ruffer LLP

Ruffer UK Mid and Smaller Companies as at 30 Sep 2022

Portfolio structure



Asset allocation	%		%
• Industrial engineering	14.6	• Oil and gas	6.1
• Bonds	10.5	• Support services	3.1
• Industrial services	9.3	• Real estate	2.6
• Retail	8.3	• Media	2.2
• Food and beverage	7.9	• Financial	1.7
• Building	6.8	• Other	5.8
• Options	6.1	• Cash	15.0

10 largest of 57 holdings

Stock	% of fund	Stock	% of fund
UK Treasury 0.125% 2023	10.2	BP	4.7
Balfour Beatty	6.8	Volex	4.5
FTSE 250 Short ETP	6.1	Finsbury Food	4.3
Castings	5.1	Epwin	3.8
Tesco	5.1	Bakkavor	3.5

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 £465.5m

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 team

Trevor Wild

FUND MANAGER

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 as a Research Director.



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 August 2022, assets managed by the Ruffer Group exceeded £26.3bn.

Enquiries

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