

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

The fund's C capitalisation shares rose 8.1% from £2.7475 to £2.9706 in Q4 2022. The FTSE All-Share Total Return index rose 8.9% in the quarter.

UK equities dragged themselves from the Truss/Kwarteng lows with Hunt's fiscal statement being a deal more punitive. This was accompanied by softening US inflation, a slowing pace of rate hikes, and optimism that the end of China's zero-covid-19 policy was in sight, which all fuelled a risk on rally in Q4. This was despite a December of strikes that reminded the market that higher prices can become sticky, and that a better environment in 2023 is not guaranteed.

It is pleasing that the fund has held ground with rising equity markets given the large allocation to cash. Discussions with other buy-side participants (either directly or via sell-side contacts) anecdotally suggests that one is yet to see capitulation in UK equity markets, despite well documented outflows. In 2022, Ruffer also cut back its equity weightings, from which the fund was not immune, but the large withdrawals were dealt with well. Having long-term, internal shareholders allows the fund the patience needed to be deploying cash into assets when everyone else is panicking and selling (as was seen in the purchase of the long UK linkers, which were sold completely in Q4). This has characterised the fund's 2022, with several new ideas considered even if only a few have been initiated.

One initiation, however, was On The Beach, where previous work benefitted as the fund was able to establish a position quickly when there was the unexpected announcement of the founder's retirement in 12 months' time. This position is small, but we may look to build. The fund also dipped a toe back into ITV and opened a US TIPS position given the positive real rates being offered. As well, the fund bought decent quantities of Tesco, BT, and ABF during market lows. This was funded with the final exit of Currys, Kier, and Directa Plus. These three positions have been gradually sold over the last nine months given our confidence in the investment thesis of each has declined.

Good performance from two of the largest positions helped push performance on in Q4, with Castings adding 1.4% to performance and Finsbury Food adding 0.8%. Both of these positions are illiquid (a relatively rarer entity in the fund today) and buying as risk appetite returned helped see strong performances. Headlam also contributed 0.9% to performance. The largest detractor was the option position (detracting 0.7% from performance) for obvious reasons, but BT and Epwin both also shaved 0.2% from performance each. The former from continued line losses in Openreach and the latter from pessimism on housebuilding and RMI.

Our fears of a consumer downturn in 2022 have been misplaced, but our assumption of rising costs for corporates has come to pass, and it is not entirely clear that the worst is behind us. A higher tax burden and the effects of rising interest rates (which will only have recently hit consumers via mortgage payments, car leasing etc), suggests strongly to us that the volume of goods and services consumed in 2023 are set to fall. This, along with rising costs, will hit the earnings capabilities of many corporates. How much of this is already factored into prices remains to be seen. Additionally, the scale of the issuance of gilts in coming years leads us to believe that there will be no relief on interest rates: hence we remain positioned with reasonable liquidity.

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.

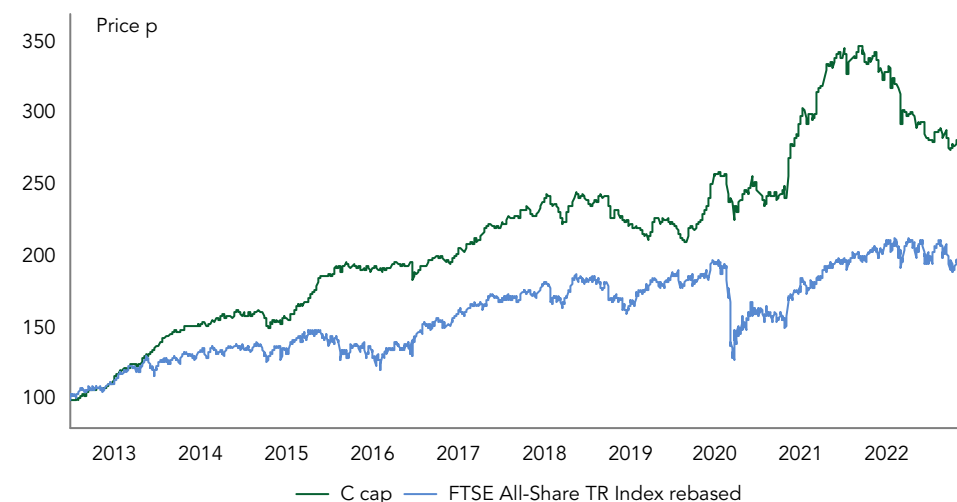


Investment objective

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



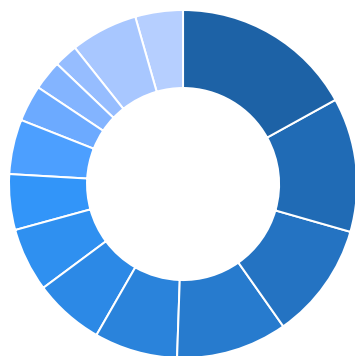
C capitalisation shares	Performance %	Share price as at 31 December 2022	p
Q4	8.1	O capitalisation	2.8667
Year to date	-10.1	C capitalisation	2.9706
1 year	-10.1	C distribution	2.2319
3 years	15.3	Z capitalisation	3.3528
5 years	24.1	Z distribution	2.3944
10 years	161.2		
Since inception to 30 June 22	181.9		

12 month performance to December %	2018	2019	2020	2021	2022
C cap	-7.1	15.9	14.9	11.7	-10.1
FTSE All-Share TR Index rebased	-9.5	19.2	-9.8	18.3	0.3

Source: Ruffer LLP

Ruffer UK Mid and Smaller Companies as at 31 Dec 2022

Portfolio structure



Asset allocation	%		%
• Industrial engineering	17.1	• Oil and gas	5.2
• Retail	12.4	• Media	5.1
• Bonds	10.8	• Support services	3.4
• Industrial services	10.4	• Real estate	2.7
• Food and beverage	7.7	• Financial	2.3
• Building	6.5	• Other	6.3
• Options	5.9	• Cash	4.4

10 largest of 56 holdings

Stock	% of fund	Stock	% of fund
UK Treasury 0.125% 2023	10.4	BT	4.7
Tesco	7.4	Volex	4.4
Balfour Beatty	7.1	BP	4.0
Castings	6.4	Bakkavor	3.8
FTSE 250 Short ETP	5.9	Finsbury Food	3.7

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

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Fund size £461.8m

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
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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.



Joseph David

RESEARCH ASSOCIATE

Joined Ruffer as a graduate in 2015, after graduating from the University of Cambridge with an honours degree in philosophy.

Began working on the Ruffer Mid and Smaller Companies fund in 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 30 November 2022, assets managed by the Ruffer Group exceeded £26.1bn.

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