

# Ruffer UK Mid and Smaller Companies

## Positive results from UK mid and smaller companies

UK equity prices were strong in January, driven by a decent round of Christmas updates from retailers and, we suspect, some short covering. February was positive on average, but volatile company by company. However, this all pales to insignificance when compared to the volatility in March. Our CIO's recent mantra that "liquidity is the new leverage", looked increasingly prescient as US banks suffered serious deposit outflows leading to the failure of two (at the time of writing) and the liquidation of another. Credit Suisse's demise added to the issues.

The fund's performance is particularly pleasing this quarter since it has moved with markets despite a larger allocation to cash-like investments. There is no guarantee that this continues, but the avoidance of major blow ups this quarter has helped relative to a market that has seen some individual stocks lose a lot of their assumed value. Tightening cycles work by reducing risk taking in the economy and a key way this is achieved is through "something breaking". It is not our job to guess what, but to evade it being the stocks we own; and we favour strong balance sheets and avoid lofty valuations to attempt that feat.

This may have helped performance in Q1, but it also informed our trading. We entered one new position, capitalising on the market falls, at the end of the month that we are still building; and are closely monitoring several others. We added to ITV quite unilaterally throughout the quarter, as we regained confidence in the cheapness of its valuation. We also topped up Tesco, believing the cashflows there to be sustainable and returnable. On the other side, we trimmed BP into strength to control our overall weighting to oil, and we exited SIG, a position we have been selling for some time given a decent return and our diminishing belief in the robustness of the newly established positive, but thin, EBIT margins.

Tesco added 1.4% to performance in the quarter as the market reassessed the valuation, which also drove BT to add 1.4% too. Balfour Beatty's strong results helped propel the shares higher, contributing 0.8% to the fund's performance. These gains outweighed losses in other parts of the portfolio. Volex detracted the most (0.6% from performance) given a worsening economic outlook. Keller subtracted 0.2% from performance after announcing the discovery of a fraud in their Austral business. This was disappointing and is the plague that continues to infect contractors, but we tend to believe management that this was the actions of two individuals rather than anything more pernicious. Also, Mercia Asset Management detracted 0.3% from performance as investors worried about the hardness of their private company valuations.

Last quarter we wrote that UK equity markets have yet to capitulate despite large outflows. This remains our position. We consider the period from late September 2022 to March 2023 to have been an extended bear market rally. We believe the twin peaks of continued worsening real economics and growing risk-off fears in markets, will lead to a difficult period for the owners of equities. Given so many potential bumps in the road, we remain respectably liquid.

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



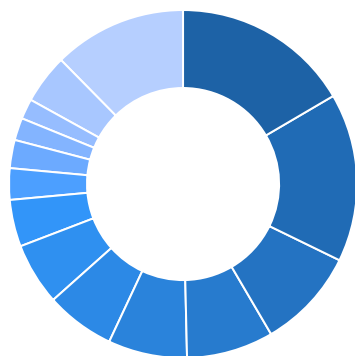
C capitalisation shares	Performance %	Share price as at 31 March 2023	p
Q1	4.1	<b>O capitalisation</b>	<b>2.9814</b>
Year to date	4.1	<b>C capitalisation</b>	<b>3.0920</b>
1 year	3.1	<b>C distribution</b>	<b>2.3231</b>
3 years	30.7	<b>Z capitalisation</b>	<b>3.4998</b>
5 years	37.5	<b>Z distribution</b>	<b>2.4993</b>
10 years	146.8		
Since inception to 30 June 22	181.9		

12 month performance to March %	2019	2020	2021	2022	2023
C cap	-4.2	9.9	35.1	-6.2	3.1
FTSE All-Share TR Index rebased	6.4	-18.5	26.7	13.0	2.9

Source: Ruffer LLP, FTSE International

# Ruffer UK Mid and Smaller Companies as at 31 Mar 2023

## Portfolio structure



Asset allocation	%		%
Industrial engineering	16.6	Oil and gas	4.4
Retail	15.5	Support services	2.9
Industrial services	9.5	Real estate	2.6
Media	8.0	Financial	2.0
Food and beverage	7.4	UK index-linked gilts	2.0
Building	6.4	Other	4.5
Options	5.8	Cash	12.4

## 10 largest of 56 holdings

Stock	% of fund	Stock	% of fund
Tesco	9.7	Voxx	4.5
Balfour Beatty	6.3	Bakkavor	3.9
Castings	6.1	Epwin	3.8
BT	5.8	Finsbury Food	3.4
FTSE 250 Short ETP	5.8	BP	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.

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Fund size £482.6m

## Fund information

Ongoing Charges Figure %	Cap	Dis
O class GBP	1.61	na
C class GBP	1.30	1.30
Z class GBP	0.12	0.12

%	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 ANALYST

Joined Ruffer as a graduate in 2015, after graduating from the University of Cambridge with an honours degree in philosophy. Began working on the 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 28 February 2023, assets managed by the Ruffer Group exceeded £26.2bn.

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