

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies

UK equity prices have been on a round trip in Q2, rebounding from US regional banking woes in April, but giving up that performance in May and June as they came to terms with the stubbornness of UK inflation. Our fear has always been that inflation in the UK would become somewhat entrenched due to our tight labour market, the only cure for which is recession. Our opinion is the probability of a 'hard landing' goes up the longer it hasn't happened, not down.

Generally, bond prices are below where they were in the Truss/Kwarteng fiasco of last year, and this, at last, offers investors an alternative, which we believe has not been helpful for UK equities this quarter. This has hampered the fund, but the main reason for underperformance has been the basis risk the fund employs when trying to hedge the equity book. We favour more liquid put options on the S&P 500 to protect the equity book, which has cost this quarter since an AI narrative has carried prices in our American cousins' markets much more strongly than in the UK or the portfolio. Our positioning remains defensive.

That is not to say there are no attractive opportunities in the market at the moment. We continued building some new positions in smaller names, which remains ongoing, and we supported three different placings for our portfolio companies where we believe long term value will still be unlocked. However, we funded this by exiting a number of names where the investment thesis had played out (Oxford Metrics), or where valuations had got too rich (1Spatial), or where we felt further risks were weighted to the downside (Portmeirion and Strix). None of these positions were larger than 20bps of the portfolio at the end of March. Our investment belief sets are reflected with the new investments in the quarter. They were defensive. We bought two <2-year gilts and two short dated put options on the S&P 500.

The aforementioned options were the largest detractor from performance for the quarter (losing the portfolio 0.9% in sum) suffering from the basis risk of hedging a UK portfolio with liquid US equity options. Other major detractors were large, liquid positions, that are UK focused (BT cost the portfolio 0.7% and Balfour Beatty detracted 0.4%) as investors started to sell UK names in earnest. However, some of the large, illiquid positions were the best performers: Volex added 1.3% to performance following strong results, and an exciting acquisition, Castings contributed 1.2% to portfolio returns following similarly strong results, and Games Workshop gave 0.2% to returns from a strong trading update.

UK fund managers continue to see serious outflows and the UK's idiosyncratic inflation position does not suggest they will stop any time soon. Pension fund money continues to be allocated away from equities and rising rates will continue to offer an alternative (two TINAs have sadly passed away this quarter) to UK savers (as, indeed, it has to the fund). We believe these headwinds will continue to stack against UK equity prices and thus we hold ample liquidity to buy when others are selling. We continue to believe the fund's alpha will be generated by taking long term positions in good companies at good prices. We believe those prices will soon be offered to us.

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.

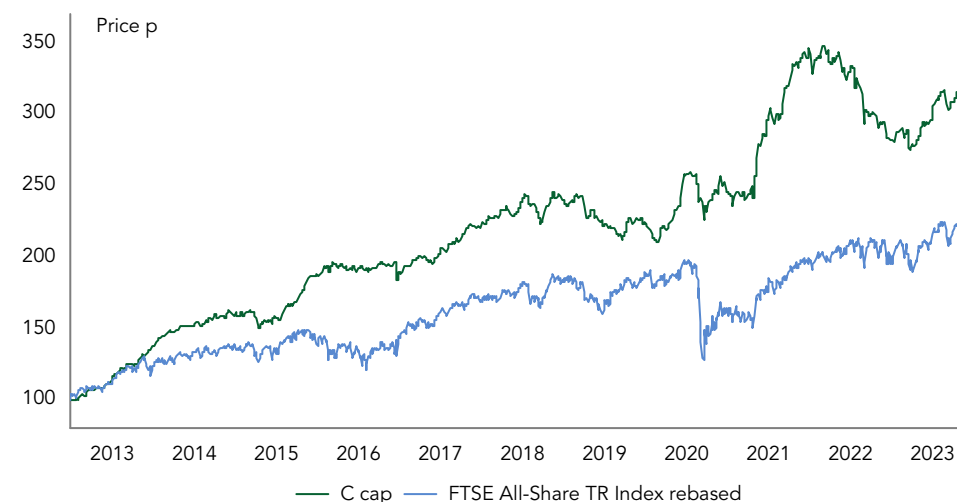


Investment objective

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



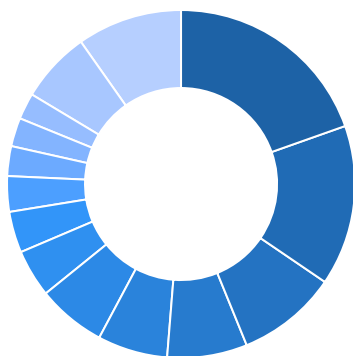
C capitalisation shares	Performance %	Share price as at 30 June 2023	p
Q2	-2.9	O capitalisation	2.8936
Year to date	1.1	C capitalisation	3.0031
1 year	6.5	C distribution	2.2563
3 years	21.5	Z capitalisation	3.4094
5 years	24.4	Z distribution	2.4348
10 years	117.5		
Since inception to 30 June 22	181.9		

12 month performance to June %	2019	2020	2021	2022	2023
C cap	-7.3	10.5	37.2	-16.9	6.5
FTSE All-Share TR Index rebased	0.6	-13.0	21.5	1.6	7.9

Source: Ruffer LLP, FTSE International

Ruffer UK Mid and Smaller Companies as at 30 Jun 2023

Portfolio structure



Asset allocation	%		%
Industrial engineering	19.6	Oil and gas	3.8
Retail	15.0	UK index-linked gilts	3.3
Industrial services	9.3	Bonds	2.7
Food and beverage	7.3	Support services	2.6
Options	6.6	Real estate	2.5
Media	6.4	Other	6.6
Building	4.5	Cash	9.8

10 largest of 53 holdings

Stock	% of fund	Stock	% of fund
Tesco	9.2	BT	4.1
Castings	7.8	Epwin	4.0
FTSE 250 Short ETP	6.5	Bakkavor	3.7
Balfour Beatty	5.9	Finsbury Food	3.5
Volcx	5.8	UK Treasury index-linked 0.125% 2024	3.3

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 £432.9m

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 31 May 2023, assets managed by the Ruffer Group exceeded £25.2bn.

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