

# Ruffer UK Mid and Smaller Companies

## Positive results from UK mid and smaller companies

Rates and inflation remain the major talking points in markets. Equity indices have been volatile shifting from 'economy-strong-so-earnings-higher' to 'economy-strong-so-rates-higher-for-longer' and back again on a seemingly weekly basis. Historically, higher rates 'break' something and we remain nervous of what that may be.

As such, we remain defensively positioned with lots of dry powder should markets fall, however we are still an equity fund, and performance this quarter has captured the upside in equities. Despite our ubiquitous bearishness, there may be reasons for confidence. It is possible that real wages remain high and that the worst of the cost-of-living crisis is behind us, which, if true, would be a decent environment for UK consumers for a little while at least. It may be this rationale, or indeed may just be asset cheapness, that has enticed foreign and private buyers of UK businesses, and we have seen increased M&A activity in the UK this quarter. Despite this, we remain worried about higher unemployment over time, which would hurt consumer spending and thus company profits.

This quarter, management of the fund has changed from Trevor Wild to Alex Grispos. Joe David remains focused on working for the fund. This has meant that more positions than usual have been exited and more new positions than usual have been initiated. Eight positions have been exited and others substantially reduced. Most of the exited positions were small positions and the sum total was 5.1% of the fund at the end of Q2. Reductions elsewhere have been led by strongly performing stocks as we look to 'right-size' the fund. We have been building four new positions and are continuing to research new cases.

The aforementioned M&A activity has helped the fund this quarter, with a top performing position being Finsbury Food (adding 0.6% to performance), which has been bid for. A slightly better performer, following good results and what looks like a good acquisition was Volex (contributing 0.7% to the fund's performance). The third best performer was Tesco (which added 0.6% to performance) as the market has begun to expect strong results to be reported. On the other hand, Castings was the biggest detractor from performance (0.8%) after a strong run petered out over fears around the global economy. Balfour Beatty subtracted 0.3% from performance, with the bulk of the losses being on the day of results. We thought the market overreacted to in line numbers due to a weaker environment, higher rates, and a period where they made no asset disposals. We used this an opportunity to top up as we back Leo Quinn to continue to create value for shareholders. Velocys, a high risk investment, lost the fund 0.2% in performance as the company is rapidly approaching a deadline to get a strategic investor on board alongside one already secured, as financing is needed.

The fund remains liquid in the belief that entry prices are vitally important and that the stocks we like will probably become more attractive in the future. Whilst spots of confidence make us happy with the gross equity risk, the possibility of a recession continues to loom over equity markets, and we believe this is yet to be fully factored into prices.

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.



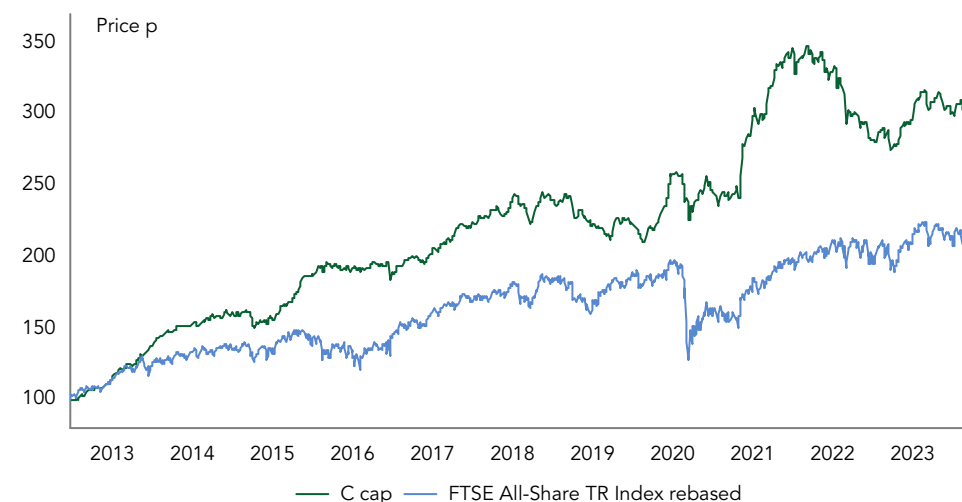
September 2023 Issue 98

### 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



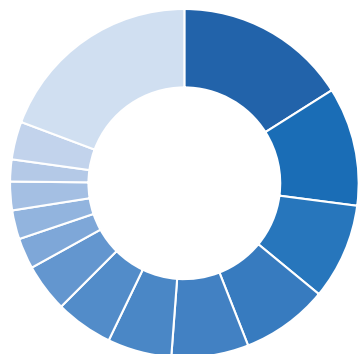
C capitalisation shares	Performance %	Share price as at 30 September 2023	p
Q3	2.1	<b>O capitalisation</b>	<b>2.9519</b>
Year to date	3.2	<b>C capitalisation</b>	<b>3.0662</b>
1 year	11.6	<b>C distribution</b>	<b>2.3037</b>
3 years	25.9	<b>Z capitalisation</b>	<b>3.4911</b>
5 years	26.1	<b>Z distribution</b>	<b>2.4932</b>
10 years	106.7		
Since inception to 30 June 22	181.9		

12 month performance to September %	2019	2020	2021	2022	2023
C cap	-9.5	10.6	41.0	-20.0	11.6
FTSE All-Share TR Index rebased	2.7	-16.6	27.9	-4.0	13.8

Source: Ruffer LLP, FTSE International

# Ruffer UK Mid and Smaller Companies as at 30 Sep 2023

## Portfolio structure



Asset allocation	%		%
Industrial engineering	16.0	Building	4.5
Retail	11.0	Oil and gas	2.9
Short-dated bonds	8.9	Support services	2.7
Industrial services	8.1	Real estate	2.6
Food and beverage	7.2	Travel and leisure	2.0
Options	5.9	Other	3.5
Media	5.3	Cash	19.3

## 10 largest of 48 holdings

Stock	% of fund	Stock	% of fund
Castings	6.5	Epwin	4.2
Tesco	6.4	Finsbury Food	3.6
Balfour Beatty	6.2	BT	3.2
FTSE 250 Short ETP	5.9	Bakkavor	3.0
Volox	5.0	BP	2.7

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 Information Documents and the latest report and accounts.

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Fund size £395.1m

## 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
Max annual management charge	1.59	1.26	0.11
Maximum initial charge	5.0	5.0	7.5
Minimum investment £	£1,000	£10m	£30m
Record date	Third Monday of November		

Ex dividend dates Next NAV following the record date

Payment Within five business days after ex dividend date

Dealing Weekly, every Monday (if not a business day, on the following business day) Plus on the last calendar day of each month

Cut off 4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)

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

Investment manager Ruffer LLP

Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent FundPartner Solutions (Europe) S.A.

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

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## Fund team

### Alex Grispos

INVESTMENT DIRECTOR

Graduated from Imperial College with a First Class degree in Mechanical Engineering, started in equity research in 1998 at Alpha Trust in Greece, then worked in venture capital for six years. Joined Top Technology Ventures in the UK, and subsequently became Investment Manager with RTF based in London and St Petersburg, Russia. Joined Ruffer in 2005 and manages two of Ruffer's specialist funds.



### 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 August 2023, assets managed by the Ruffer Group exceeded £24.2bn.

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