

Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



October 2015 Issue 41

The fund's C capitalisation shares rose 0.1% from 193.71 to 193.94 over the month during which the UK's equity markets recovered strongly from their worst quarter since 2011. Concerns over China's slowing economy and the direction of US monetary policy, which had helped to drag down the market since the middle of August, abated over the month and as a result the FTSE All-Share Total Return Index rose 4.7% and the FTSE 250 Total Return Index rose 2.9%.

Headline macro data releases continue to be generally inconclusive with Chinese factory activity slowing and impending interest rate hikes by the US and the UK meaning that we continue to take comfort in our FTSE 250 put option positions which we have extended out to November, December and January expiries. This is despite the market rally over the month weighing on these options and the performance of the fund, costing us 1.4%.

Bar the put options, the fund's performance this month was largely driven by a small number of stock specific events.

Infinis Energy Plc, which had cost us 69 basis points (bps) in July after the government's decision to discontinue the Climate Change Levy (CCL) exemption for renewable generators, was subject to a bid from Monterey Capital II Sarl (a subsidiary of Terra Firma) of 185 pence per share in an all cash deal which added 77bps to performance.

Other strength was seen from Headlam, our third largest holding (excluding HellermannTyton which remains subject to a bid received in July) which continues to trade against a favourable background for both the commercial and retail floor-coverings market. The business is very well invested under the experienced management team and we continue to look for an uplift in the repair, maintenance and improvement (RMI) market which the UK economic backdrop suggests should occur. However, this has proved elusive in the very short term with both Travis Perkins and SIG making cautious comments during the month, which affected a number of holdings exposed to this theme.

On the negative side of the ledger we find another of our top ten holdings, Volex. The share price continued to fall after the announcement last month that the CEO, Christoph Eisenhardt, was stepping down for personal reasons. This, coupled with continued concern of a slowdown in global GDP and product releases from its major customers such as Ericsson and Apple, cost the fund a further 53bps. We have actively engaged with management on your behalf over the last few weeks and note that they have taken steps to strengthen their board with the appointment of a new non-executive director.

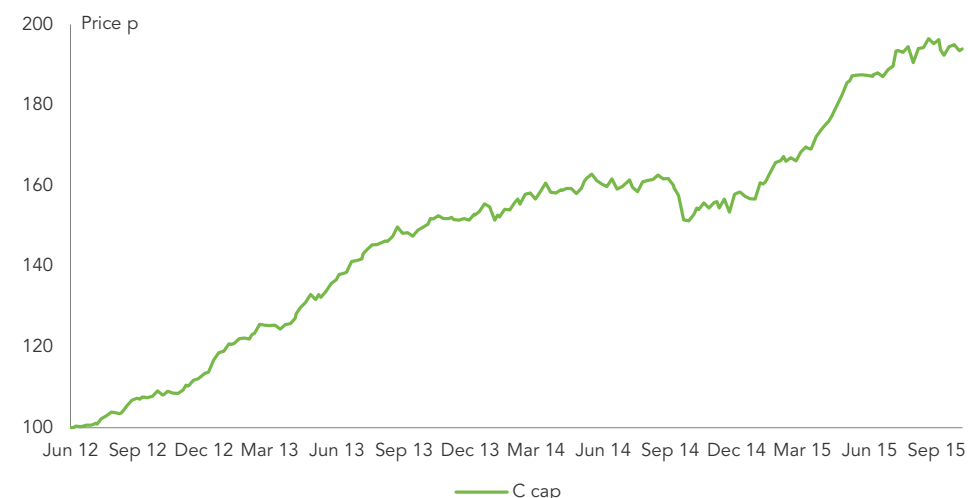
We continue to have confidence in the shape of the portfolio and take comfort in our positions, in general, being rated below the market average and with clear capacity to utilise balance sheet and managerial strength to continue journeys of self-help and strategic acquisitions.

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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



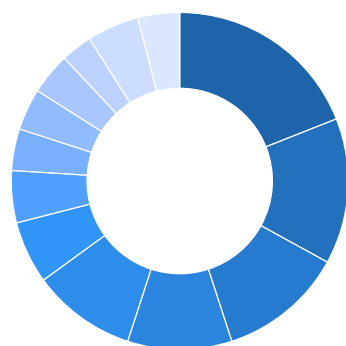
Performance %	October 2015	Year to date	1 year	3 years	5 years	10 years	
C capitalisation shares	0.1	22.6	25.5	79.2	na	na	
Percentage growth (C GBP cap)	%		Share price as at 31 October 2015				£
30 Sep 2014 – 30 Sep 2015	21.4		O capitalisation GBP				191.72
30 Sep 2013 – 30 Sep 2014	7.5		C capitalisation GBP				193.94
30 Sep 2012 – 30 Sep 2013	38.5		C distribution GBP				186.95
30 Sep 2011 – 30 Sep 2012	na		Z capitalisation GBP				201.53
30 Sep 2010 – 30 Sep 2011	na		Z distribution GBP				190.02

Source: Ruffer LLP

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.

Ruffer UK Mid and Smaller Companies as at 31 Oct 2015

Portfolio structure



Asset allocation	%		%
Industrial engineering	19	Oil and gas	4
Support services	14	Travel and leisure	4
Retail	12	Technology	4
Food and beverage	10	Media	3
Building	10	Other	5
Overseas equity	6	Cash	4
Financial	5		

10 largest of 52 equity and 1 bond holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	9.0	Epwin	4.1
Hellermann Tyton	6.9	Johnson Service	3.9
Castings	5.4	Volex	3.6
Headlam	4.2	Cape	3.3
Games Workshop	4.1	Character	3.3

Source: Ruffer LLP

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The fund data displayed is designed only to provide summary information and the report 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 **£212.6m**

Fund information

Ongoing Charges Figure %	Cap	Dis	
O class GBP	1.68	na	
C class GBP	1.34	1.34	
Z class GBP	0.19	0.19	
%	O class	C class	Z class
Maximum annual management fee	1.5	1.2	0.0
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 Tuesday (if not a business day, on the following business day) Plus on the first business 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

Cap LU0788206679 LU0788036498 LU0788036654

Dis LU0788036571 LU0788036738

Structure Sub fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV

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

Investment manager Ruffer LLP

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

Fund Manager

Trevor Wild

RESEARCH DIRECTOR



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.

Des Brennan

RESEARCH ANALYST



With over twenty years' experience both as an investment analyst and a portfolio manager, joined Ruffer in 2011. He has worked most recently at Cazenove Capital Management, and prior to that as a UK fund manager at Insight.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.3bn was managed in open-ended Ruffer funds.

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