

# CF Ruffer Gold Fund

Achieving capital growth by investing principally in gold and precious metal related companies



November 2016 Issue 156

During November, the fund's O accumulation shares fell by 12.2% from 162.68p to 142.84p. This compares to a 17.7% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price fell by 8.1% in USD and 10.1% in sterling.

The big event this month was the surprise victory of Donald Trump in the US presidential election. Rather than focusing on Trump's protectionist rhetoric and the potential for increased geopolitical risk, the market has taken this news as unreservedly positive for US economic growth and the US dollar and hence negative for gold. As a result, the gold price and gold mining stocks fell very sharply from 11th November and have not recovered. During this period there has been nowhere to hide and gold stocks have fallen regardless of fundamentals. As evidenced by our October monthly factsheet, the reaction of gold to Donald Trump's victory came as a surprise to us and as a result the fund took more of the pain of the index fall than we would normally hope. An additional headwind for the fund this month has been a small recovery in sterling (+2.2% against the USD over the month), as the majority of our holdings are foreign currency denominated.

Our largest negative contributions came from Mandalay Resources down 34.5%, Endeavour Mining down 24.4%, Evolution Mining down 19.0% and Northern Star Resources down 18.0% (all in sterling terms). The moves in the share prices of all of these stocks bear absolutely no relationship to business fundamentals and can only be explained by large sums of money being withdrawn indiscriminately from the index. Our Australian mid-cap holdings have been particularly badly treated given these miners have high margins (indeed they are amongst the lowest cost producers in the world) and strong balance sheets. We have continued to add to these positions as their share prices have fallen.

During the month, Gold Fields announced the acquisition of a 50% interest in the Gruyere project in Australia from Gold Road Resources. This looks to be an interesting strategic addition to Gold Fields' portfolio given it is a relatively simple, high return project with long life and low operating costs. When combined with the previously announced plan to extend the life of the Damang mine in Ghana and the incremental progress at the South Deeps mine in South Africa over the year, Gold Fields appears to have largely addressed lingering concerns about its portfolio. The current share price looks like a real opportunity on a risk/reward basis and so we have sought to increase our weighting in the stock over the month.

With a US rate rise in December now regarded as a certainty by the market, attention over the next month is now on the prospects for further rate rises in 2017. After a wild ride in the gold price and gold mining stocks this year, we find ourselves in a surprisingly similar position to the end of November 2015. Expectations of US interest rate rises and US dollar strength through the year ahead present a substantial headwind for gold. However, there has already been a significant fall in the gold price and, whilst there may be further pain in the short term, on a longer term view, we are confident that the share prices of many of our largest positions have now fallen back to attractive levels.

## Investment objective

The fund aims to achieve capital growth over the long term by investing principally in gold and precious metal related companies within the mining industry.

## Performance since launch on 1 October 2003



Performance %	November 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-12.2	75.5	86.4	70.6	-47.5	-13.9

Percentage growth (O acc)	%	Share price as at 30 November 2016	p
30 Sep 2015 – 30 Sep 2016	113.8	<b>O accumulation</b>	<b>142.84</b>
30 Sep 2014 – 30 Sep 2015	-8.4	<b>C accumulation</b>	<b>144.75</b>
30 Sep 2013 – 30 Sep 2014	-18.7		
30 Sep 2012 – 30 Sep 2013	-55.8		
30 Sep 2011 – 30 Sep 2012	-13.7		

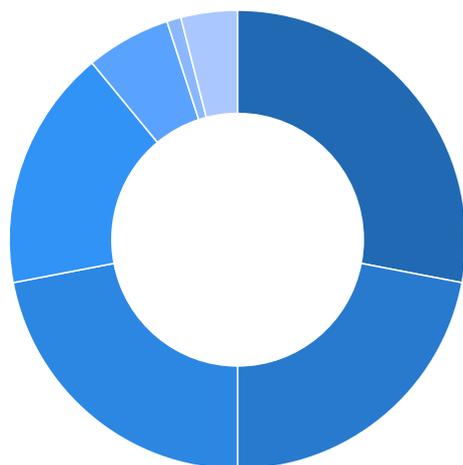
Source: Ruffer LLP, FTSE International (FTSE)†

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Gold Fund is not registered for distribution in any country other than the UK.

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.

# CF Ruffer Gold Fund as at 30 November 2016

## Portfolio structure



	%
• Africa	28
• North America	22
• Australia	22
• Asia	17
• South America	6
• Other	1
• Cash	4

### Capitalisation breakdown

% market exposure	Size	Market cap
6.0	Large	US\$5bn+
52.5	Mid	US\$1-\$5bn
41.5	Small	US\$0-\$1bn

## 10 largest of 128 holdings (representing 94 companies)

Stock	% of fund	Stock	% of fund
Evolution Mining	5.3	Gold Fields	4.0
Northern Star Resources	5.2	AngloGold Ashanti	4.0
Kinross Gold	4.9	Mandalay Resources	3.4
Endeavour Mining	4.7	Regis Resources	2.7
Nord Gold	4.2	Acacia Mining	2.6

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.

## Fund size £657.0m

### Fund information

%	O class	C class
Ongoing Charges Figure	1.66	1.33
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.18	0.31
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward to 10am Wednesday, based on NAV Plus forward from 10am on last Wednesday of the month to last business day of the month	
ISIN	O class GB0033628156	C class GB00B8510Q93
SEDOL	3362815	B8510Q9
Investment adviser	Ruffer LLP	
ACD	Capita Financial Managers Limited	
Depositary	BNY Mellon Trust & Depositary (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

### Fund Manager

#### Paul Kennedy

RESEARCH DIRECTOR



Joined Ruffer in 2012 from L.E.K. Consulting. He holds a degree in Jurisprudence from Oxford University and an MBA with Distinction from London Business School. He has many years of experience evaluating investments across industry sectors and has managed the CF Ruffer Gold Fund since February 2015.

### Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 November 2016, assets managed by the Ruffer Group exceeded £20.3bn, of which over £11.2bn was managed in open-ended Ruffer funds.

### Enquiries

Ruffer LLP	+44 (0)20 7963 8254
80 Victoria Street	rif@ruffer.co.uk
London	
SW1E 5JL	<a href="http://www.ruffer.co.uk">www.ruffer.co.uk</a>

### Dealing line

0345 601 9610

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