

CF Ruffer Gold Fund

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



During December, the fund's O accumulation shares rose by 0.4% from 142.84p to 143.37p. This compares to a 4.6% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price fell by 1.79% in US dollar and 0.57% in sterling.

Looking at the overall performance of the fund, one might be forgiven for thinking that gold and gold mining stocks were relatively muted in the month. In reality, the sector was highly volatile. The big event this month was the US Federal Open Market Committee meeting which took place on 13 and 14 December. The Committee raised the target rate of the US federal funds rate to 0.5% to 0.75% from 0.25% to 0.5%. Whilst this rate rise was widely expected by the market, gold and gold mining shares sold off aggressively post the meeting as the market started to price in three more US interest rate rises in 2017. However, from 22 December, gold and gold shares staged a dramatic recovery as market participants started to buy into the sector in anticipation of a seasonal rally and this erased most of the losses for the month.

Our largest positive contributions came from Mandalay Resources up 20.5%, Evolution Mining up 8.8% and DRDGold Ltd up 18.7% (all in sterling terms). The moves are largely explained by a rebound in their share prices following aggressive sell-offs in the previous month. In terms of negative contribution, we had two positions, Perseus Mining and Troy Resources which suffered from negative stock specific news. In both cases the news came during the first half of the month when the market did not have any tolerance for negative news and, whilst the news was poor, the reactions of their respective share prices were disproportional.

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 2015 – looking forward to a year ahead of US interest rate rises and US dollar strength. A key difference to 2015 is the greater underlying strength of the US economy but, with the experience of early 2016 fresh in mind, a rally in gold mining stocks has already started and in particular, we see the large capitalisation stocks as now pricing-in a considerably higher gold price than spot. We believe these stocks can only continue to rise if the gold price rises and may fall if it does not. As a result we have rotated a proportion of our large company exposure into gold bullion. On the other hand, much of the rest of the sector has experienced less of a recovery, despite having sold-off harder during the second half of last year. As we stated in November, we feel confident that many of our largest positions are now at share price levels which are attractive on a longer term view.

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 %	December 2016	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	0.4	76.1	76.1	75.5	-43.7	-12.2

Percentage growth (O acc)	%	Share price as at 30 December 2016	p
31 Dec 2015 – 31 Dec 2016	76.1	O accumulation	143.37
31 Dec 2014 – 31 Dec 2015	11.7	C accumulation	145.32
31 Dec 2013 – 31 Dec 2014	-10.8		
31 Dec 2012 – 31 Dec 2013	-60.8		
31 Dec 2011 – 31 Dec 2012	-18.0		

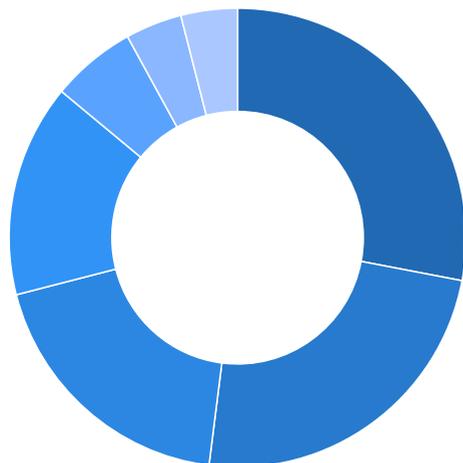
Source: Ruffer LLP, FTSE International (FTSE)†

The fund's prospectus and key investor information documents are provided in English and available on request or from www.ruffer.co.uk. 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 December 2016

Portfolio structure



	%
• Africa	28
• Australia	24
• North America	19
• Asia	15
• South America	6
• Other	4
• Cash	4

Capitalisation breakdown

% market exposure	Size	Market cap
3.0	Large	US\$5bn+
52.4	Mid	US\$1-\$5bn
44.6	Small	US\$0-\$1bn

10 largest of 120 holdings (representing 93 companies)

Stock	% of fund	Stock	% of fund
Evolution Mining	6.2	Nord Gold	4.1
Northern Star Resources	5.6	AngloGold Ashanti	4.1
Kinross Gold	4.8	Mandalay Resources	3.9
Gold Fields	4.4	Gold Bullion Securities	3.7
Endeavour Mining	4.4	Kirkland Lake Gold	3.2

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 £656.5m

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 31 December 2016, assets managed by the Ruffer Group exceeded £20.6bn, of which over £11.4bn was managed in open-ended Ruffer funds.

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