

CF Ruffer Gold Fund

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



March 2017 Issue 160

During March, the fund's O accumulation shares fell by 2.2% from 153.35p to 149.94p. This compares to a 1.4% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was flat in US dollar terms and down 0.9% in sterling.

The downward trend at the end of February continued into March. The market continued to price in an interest rate rise in March with the implied probability of an interest rate rise rising to 100% before the Federal Open Market Committee (FOMC) meeting on 14-15 March. The FOMC meeting delivered as expected, raising the Federal funds rate by 0.25%. As has often been the pattern, having sold-off into the FOMC meeting, gold and gold mining stocks rallied after the meeting to finish the month relatively unchanged.

In terms of portfolio news, one of our larger positions, Nordgold de-listed from the exchange during the month. As part of this process the company offered to buy-back the shares of minority shareholders. Nordgold is a high quality company which we believed was greatly undervalued and had the potential to re-rate over the medium term. We would have liked to hold the stock through this period but reluctantly decided to accept the buy-back offer as we did not see that retaining Nordgold as an unlisted security was compatible with the liquidity goals of the fund. A consolation was that the price received was near the highs of the past two years.

The largest positive contributor to performance this month was Gold Fields, up 13%. Gold Fields entered the year at a ridiculous valuation and the sudden weakness in the South African rand has provided a catalyst to attract the attention of investors to the stock. The rand weakened suddenly at the end of March in response to President Zuma's perverse decision to fire his finance minister and seemingly most other high performing ministers in his government. This has already resulted in S&P downgrading South Africa to junk status and further financial instability looks set to follow. Whilst instability in the country is poor for investment generally, weakness in the South African rand is very good news for gold (and platinum) miners whose margins had been squeezed by the recovery in the rand since January 2016. Having visited South Africa in February, we were somewhat baffled by the eagerness of international investors to buy South African bonds and held on to our South African positions in the expectation that the currency strength could not last.

The largest negative contributors were Acacia Mining down 16% and Metals Exploration down 31% (both in sterling terms). Acacia Mining reported very positive results in February but then fell heavily in March on the news that the president of Tanzania had temporarily banned the export of concentrates. The company is in the process of liaising with the government to resolve this issue. Metals Exploration announced a further delay in the ramp-up of their new mine in the Philippines.

Overall, the market movements in March bring us back to much the same position we were in at the end of February. The push and pull of geopolitical uncertainty versus rising interest rates has provided a degree of uncomfortable stability to gold whilst general lack of interest in the sector means gold mining equities are still inexpensive relative to the metal. We continue to add to positions which we regard as undervalued whilst maintaining a relatively conservative overall positioning.

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.

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 %	March 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-2.2	4.6	32.5	55.7	-40.6	-9.2

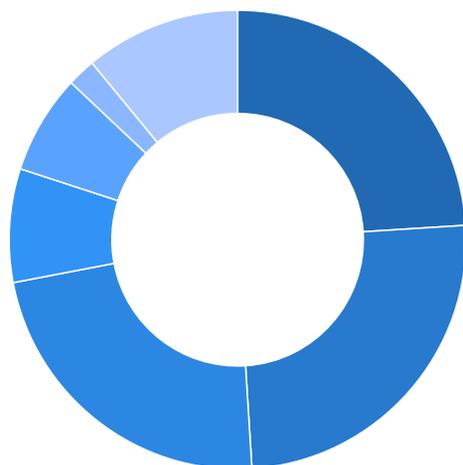
Percentage growth (O acc)	%	Share price as at 31 March 2017	p
31 Mar 2016 – 31 Mar 2017	32.5	O accumulation	149.94
31 Mar 2015 – 31 Mar 2016	39.2	C accumulation	152.10
31 Mar 2014 – 31 Mar 2015	-15.6	C income	92.15
31 Mar 2013 – 31 Mar 2014	-46.8		
31 Mar 2012 – 31 Mar 2013	-28.3		

Source: Ruffer LLP, FTSE International (FTSE)[†]

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 31 March 2017

Portfolio structure



	%
• Australia	24
• North America	25
• Africa	23
• Asia	8
• South America	7
• Other	2
• Cash	11

Capitalisation breakdown

% market exposure	Size	Market cap
9.6	Large	US\$5bn+
52.3	Mid	US\$1-\$5bn
38.1	Small	US\$0-\$1bn

10 largest of 118 holdings (representing 91 companies)

Stock	% of fund	Stock	% of fund
Northern Star Resources	5.9	Newmont Mining	4.2
Evolution Mining	5.4	AngloGold Ashanti	3.3
Gold Fields	5.2	Regis Resources	3.2
Kinross Gold	5.0	St Barbara	3.0
Kirkland Lake Gold	4.3	Acacia Mining	3.0

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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 £693.3m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.29
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.34	0.39
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	GB0033628156 (acc)	GB00B8510Q93 (acc) GB00B8BZBT51 (inc)
SEDOL	3362815 (acc)	B8510Q9 (acc) B8BZBT5 (inc)
Investment adviser	Ruffer LLP	
ACD	Capita Financial Managers Limited	
Depository	BNY Mellon Trust & Depository (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs	

* Refers to accumulation shares

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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 March 2017, assets managed by the Ruffer Group exceeded £21.4bn, of which over £11.8bn was managed in open-ended Ruffer funds.

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