

CF Ruffer Gold Fund

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



October 2017 Issue 167

During October, the fund's O accumulation shares fell by 1.2% from 144.40p to 142.67p. This compares to a 2.7% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was down 0.1% in US dollar terms and flat in sterling terms.

Following a sell-off in September, the gold price rallied in the early part of October as the market digested the minutes of the Federal Open Market Committee meeting. The minutes highlighted the committee's concern over the path of inflation going forward, which might affect their decision on future interest rate rises. However, as the month progressed, the economic data continued to hold up. There was also increasing speculation on the appointment of the next US Federal Reserve Chair (replacing Janet Yellen), who might be supportive of higher interest rates. These factors, combined with speculation of meaningful tax reforms, drove the US equity markets higher. Conversely, these factors caused investors to reduce their exposure to gold and gold mining equities.

The two largest positive contributors to fund performance in October were Evolution Mining (up 5% in sterling terms) and Wheaton Precious Metals (up 9% in sterling terms). Evolution Mining has been a core position in the fund for several years. It is focused purely on gold mining in Australia. The company acquired some high quality assets at the bottom of the cycle, which is now reaping dividends for the company. It is now the second largest gold producer listed in Australia and its portfolio sits in the first quartile in terms of the cost curve. Strategically, the company is continuing to use the free cash flow generated to reduce debt while paying dividends.

Wheaton Precious Metals is a precious metals streaming and royalty company. A streaming company provides financing for precious metal mining companies and offers an upfront cash payment in return for a percentage of gold production from the mine over its life. This provides us with a low risk mining-like exposure to gold and silver production. Compared with its peer group, this company trades at a significant discount. Part of the discount is due to an outstanding tax case with the Canadian Revenue Agency. The company acquired a number of significant streams at the bottom of the cycle, which we believe sets the company up for the next up-cycle in precious metal prices.

Our largest negative contributor to the fund this month is Barrick Gold (down 9% in sterling terms). The decline in the share price in Barrick is partly driven by the underperformance of gold mining stocks generally against gold bullion and, partly, their quarterly results. They reported an in-line quarter but the results were slightly overshadowed by the news affecting their subsidiary, Acacia Mining. They have announced a proposed framework agreement to settle the dispute between the Tanzanian government and their subsidiary but this is still at an early stage.

Gold mining stocks have generally performed poorly relative to the gold price this year and so the fund has been selectively investing in a number of companies which are attractively valued but have been effectively ignored by the markets.

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 %	October 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.2	-0.5	-12.3	94.4	-38.1	-26.3

Percentage growth (O acc)	%	Share price as at 31 October 2017	p
30 Sep 2016 – 30 Sep 2017	-13.1	O accumulation	142.67
30 Sep 2015 – 30 Sep 2016	113.8	C accumulation	144.97
30 Sep 2014 – 30 Sep 2015	-8.4	C income	87.74
30 Sep 2013 – 30 Sep 2014	-18.7		
30 Sep 2012 – 30 Sep 2013	-55.8		

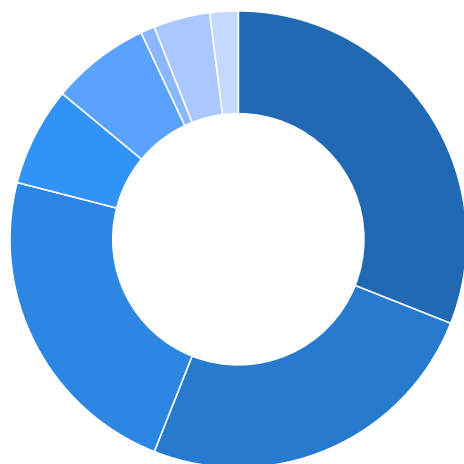
Source: Ruffer LLP, FTSE International (FTSE)†

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 31 October 2017

Portfolio structure



	%
• North America	31
• Australia	25
• Africa	23
• Asia	7
• South America	7
• Europe	1
• Other	4
• Cash	2

Capitalisation breakdown

% market exposure	Size	Market cap
19.6	Large	US\$5bn+
42.0	Mid	US\$1-\$5bn
38.3	Small	US\$0-\$1bn

10 largest of 114 holdings (representing 112 companies)

Stock	% of fund	Stock	% of fund
Evolution Mining	5.3	Westgold Resources	3.8
Northern Star Resources	5.0	Endeavour Mining	3.3
Kinross Gold	4.8	St Barbara	2.9
Gold Fields	4.6	Wheaton Precious	2.8
Barrick Gold	4.0	AngloGold Ashanti	2.6

Source: Ruffer LLP

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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 £702.7m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.57	1.27
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.36	0.60
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 (acc)	C class GB00B8510Q93 (acc) GB00B8BZBT51 (inc)
SEDOL	3362815 (acc)	B8510Q9 (acc) B8BZBT5 (inc)
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	

* 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 October 2017, assets managed by the Ruffer Group exceeded £22.1bn, of which over £13.2bn 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	www.ruffer.co.uk

Dealing line

0345 601 9610

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