

# LF Ruffer Gold Fund

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



During January, the fund's O accumulation shares fell by 2.2% from 147.60p to 144.39p. This compares to a 1.9% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period, the gold price was up 3.3% in US dollar terms, but down 2.1% in sterling terms.

The strong rally in gold mining stocks which began in the middle of December continued into the first half of January. As noted in our December report, we also continued to see a partial reversal of the stock price trends, which had persisted throughout 2017 and, as a result, some of our positions performed exceptionally well. However, towards the end of the month, the rally ran out of steam as global bond yields continued to rise, and the fall in the US dollar abated and caused some of our best performing stocks to suffer, as investors took profits on the gains since December. Sterling strength was a big headwind for the fund in January with sterling rising 5% against the US dollar.

Three of our largest positive contributors to fund performance in January were Brio Gold (up 20% in sterling terms), Evolution Mining (up 5.7% in sterling terms) and Goldcorp (up 12% in sterling terms). Brio Gold was the subject of a potential takeover bid by Leagold Mining. Brio Gold is a pure play Brazilian gold miner and a spin-out of Yamana Gold. We accumulated a large position during 2017 as the market focused on the overhang of Yamana's remaining stake, rather than the value of the company's assets. Goldcorp rallied strongly as it provided much more information regarding its medium term plan.

Our largest negative contributors were Westgold Resources (down 13% in sterling terms) and Endeavour Mining (down 14% in sterling terms). Westgold Resources is a very cheap Australian gold miner in the process of ramping up several new mines. Whilst we expect a bumpy ride, we believe the exceptional value on offer here will come through in the stock price over time. Endeavour Mining has been a large holding in the fund for many years. The stock fell sharply at the end of the month, when it announced a convertible bond offering. Given the fall was for largely technical reasons, we are optimistic the stock will recover over time.

Given the strong recovery in gold mining equities since the middle of December, we moved the fund to a more defensive position during January, with a slightly higher cash and bullion weighting. As we noted in the last few reports, whilst we do not have a strong view on the next direction gold will take, we do believe 2018 will be a much more volatile year than 2017, and have tried to position the fund accordingly.

## 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 %	January 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-2.2	-2.2	-6.0	72.6	-28.3	-26.8

Percentage growth (O acc)	%	Share price as at 31 January 2018	p
31 Dec 2016 – 31 Dec 2017	3.0	<b>O accumulation</b>	<b>144.39</b>
31 Dec 2015 – 31 Dec 2016	76.1	<b>C accumulation</b>	<b>146.84</b>
31 Dec 2014 – 31 Dec 2015	11.7	<b>C income</b>	<b>88.87</b>
31 Dec 2013 – 31 Dec 2014	-10.8		
31 Dec 2012 – 31 Dec 2013	-60.8		

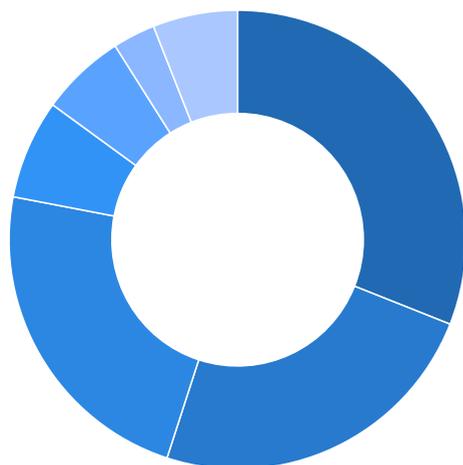
Source: Ruffer LLP, FTSE International (FTSE)†

The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that LF Ruffer Investment Funds is a UK UCITS. The LF 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.

# LF Ruffer Gold Fund as at 31 January 2018

## Portfolio structure



	%
• North America	31
• Australia	24
• Africa	23
• Asia	7
• South America	6
• Other	3
• Cash	6

### Capitalisation breakdown

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

## 10 largest of 107 holdings (representing 104 companies)

Stock	% of fund	Stock	% of fund
Evolution Mining	5.8	Westgold Resources	3.4
Kinross Gold	5.1	Northern Star Resources	3.0
Gold Fields	5.0	OceanaGold	2.8
Barrick Gold	3.7	Endeavour Mining	2.7
AngloGold Ashanti	3.7	ETFs Physical Silver	2.7

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 £731.4m

### 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	0.35	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	Link Fund Solutions Limited	
Depository	The Bank of New York Mellon (International) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of LF 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 LF 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 January 2018, assets managed by the Ruffer Group exceeded £22.7bn, of which over £14.0bn was managed in open-ended Ruffer funds.

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