

# LF Ruffer Gold Fund

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



During February, the fund's O accumulation shares fell by 2.4% from 144.39p to 140.87p. This compares to a fall of 8.6% in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was down 2.0% in US dollar terms but up 1.1% in sterling terms.

February saw the return of volatility to equity markets and we had the unusual experience of watching our generalist equity peers encounter the type of daily stock price moves which we have come to accept as normal in the gold mining sector. Whilst the gold price was fairly steady through this period, gold mining shares fell sharply with other equities and have not recovered. An unusual feature of the sell-off in February was that many of the premium 'safe' gold mining stocks performed particularly poorly, for example, Randgold Resources and Agnico Eagle. We avoided much of the fall in the sector this month because we do not have significant positions in these types of stocks. Whilst we agree with the consensus view that these are well-managed companies with good quality assets, they have been over-valued for the past few years. We believe the over-valuation of these stocks has been driven by a combination of passive index funds and closet index-tracking by many active fund managers. The sharp corrections they experienced this month were a healthy reminder that valuations do in fact matter, and a steady stream of positive but largely immaterial news flow cannot overcome fundamentals forever. Surprisingly, these shares are still very expensive despite their outsized falls this month.

Three of our largest contributors to fund performance in February were Tahoe Resources (up 14% in sterling terms), Brio Gold (up 13% in sterling terms) and Northern Star Resources (up 8% in sterling terms). Tahoe Resources climbed on hopes that a resolution of the issues which led to the closure of their Escobal mine in Guatemala may be imminent. Brio Gold rose as Leagold improved on the takeover offer they launched for Brio in January.

Our largest negative contributors were Kinross Gold (down 15% in sterling terms) and Barrick Gold (down 18% in sterling terms). These fell largely with the market rather than because of stock specific news. We see value in both shares at current prices.

Following the sharp fall in gold mining stocks this month, they are now materially under-valued relative to gold. Either this presages a fall in the gold price, or gold mining prices are likely to recover. Given this valuation gap, we have increased our weighting to large cap gold mining stocks. We have also increased our silver bullion position during the month, as silver also appears increasingly under-valued relative to gold.

## 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 %	February 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-2.4	-4.6	-8.1	70.5	-23.6	-33.4

Percentage growth (O acc)	%	Share price as at 28 February 2018	p
31 Dec 2016 – 31 Dec 2017	3.0	<b>O accumulation</b>	<b>140.87</b>
31 Dec 2015 – 31 Dec 2016	76.1	<b>C accumulation</b>	<b>143.29</b>
31 Dec 2014 – 31 Dec 2015	11.7	<b>C income</b>	<b>86.72</b>
31 Dec 2013 – 31 Dec 2014	-10.8		
31 Dec 2012 – 31 Dec 2013	-60.8		

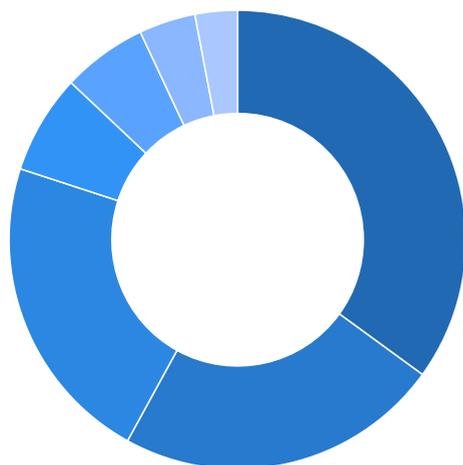
Source: Ruffer LLP, FTSE International (FTSE)<sup>1</sup>

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 28 February 2018

## Portfolio structure



	%
• North America	35
• Africa	23
• Australia	22
• Asia	7
• South America	6
• Other	4
• Cash	3

### Capitalisation breakdown

% market exposure	Size	Market cap
12.4	Large	US\$5bn+
46.3	Mid	US\$1-\$5bn
41.3	Small	US\$0-\$1bn

## 10 largest of 109 holdings (representing 109 companies)

Stock	% of fund	Stock	% of fund
Kinross Gold	5.5	Barrick Gold	3.4
Evolution Mining	5.1	AngloGold Ashanti	3.3
Gold Fields	5.0	OceanaGold	3.2
ETFS Physical Silver	3.7	Endeavour Mining	3.2
Westgold Resources	3.6	Goldcorp	2.9

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 £713.3m

### Fund information

%	O class	C class
Ongoing Charges Figure*	1.58	1.28
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.36	0.61
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	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 28 February 2018, assets managed by the Ruffer Group exceeded £22.5bn, of which over £13.8bn was managed in open-ended Ruffer funds.

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