

# LF Ruffer Gold Fund

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



During June, the fund's O accumulation shares fell by 2.7% from 151.21p to 147.19p. This compares to a rise of 0.4% in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was down 3.5% in US dollar terms and 2.9% in sterling terms.

The gold price fell quite sharply in the middle of June. The US dollar was supported by the stark contrast between a further 0.25% US interest rate rise and comments from Mario Draghi, the president of the European Central Bank, to the effect that European rates were likely to remain at current lows until summer 2019. The apparent slide towards a global trade war also contributed to the selling of emerging market assets and commodities. Typically, one might expect the gold price to be supported by some of the mentioned events but this month it behaved more as a commodity – things are just not bad enough yet!

The fund performed relatively poorly this month. We were affected by corrections in some stocks which have done very well this year as well as the relative under-performance of stocks with an emerging market flavour. In addition, some of the sector 'favourites' which we do not hold due to inflated valuations performed very well. Intriguingly, this is often suggestive of new inflows into the sector.

Our largest negative contributors to fund performance in June were Teranga Gold (down 13% in sterling terms) and AngloGold Ashanti (down 4% in sterling terms). Teranga Gold is a growing producer in West Africa and has been one of our best performing stocks this year. Whilst it is still very cheap on any metric, performance for the month suffered on what appeared to be profit-taking. AngloGold Ashanti appeared to be somewhat affected by the sell-off in emerging market indices. Whilst the company is headquartered in South Africa, with only a small proportion of its production in South Africa, we believe it is much less risky than the market seems to appreciate.

Our largest positive contributors to fund performance for the month were OceanaGold (up 14% in sterling terms) and Kinross Gold (up 5% in sterling terms). OceanaGold is a high margin producer with mines in the US, the Philippines and New Zealand. We believe the stock will out-perform as the company builds confidence in the potential to extend the life of its assets in New Zealand.

As we noted last month, we have re-balanced our portfolio away from mid-cap Australian producers into global producers such as Gold Fields, Kinross and AngloGold Ashanti. In our view the Australian mid-cap producers which we have held since the beginning of 2015 are now fully priced whilst these three stocks are trading on extremely low valuations. Gold Fields, AngloGold Ashanti and Kinross all carry a degree of country risk, but we are confident that they are all valued at levels which more than reflect the risks.

## 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 %         | June 2018 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|-----------|--------------|--------|---------|---------|----------|
| O accumulation shares | -2.7      | -0.3         | 2.8    | 77.0    | 60.9    | -11.1    |

| Percentage growth (O acc) | %    | Share price as at 29 June 2018 | p             |
|---------------------------|------|--------------------------------|---------------|
| 30 Jun 2017 – 30 Jun 2018 | 2.8  | <b>O accumulation</b>          | <b>147.19</b> |
| 30 Jun 2016 – 30 Jun 2017 | -8.0 | <b>C accumulation</b>          | <b>149.87</b> |
| 30 Jun 2015 – 30 Jun 2016 | 87.2 | <b>C income</b>                | <b>90.71</b>  |
| 30 Jun 2014 – 30 Jun 2015 | -9.6 |                                |               |
| 30 Jun 2013 – 30 Jun 2014 | 0.5  |                                |               |

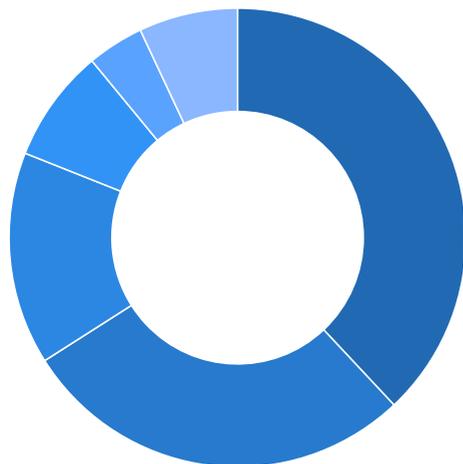
Source: Ruffer LLP, FTSE International (FTSE)†

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 29 June 2018

## Portfolio structure



|                 | %  |
|-----------------|----|
| • North America | 38 |
| • Africa        | 28 |
| • Australia     | 15 |
| • Asia          | 8  |
| • South America | 4  |
| • Other         | 7  |

### Capitalisation breakdown

| % market exposure | Size  | Market cap  |
|-------------------|-------|-------------|
| 11.7              | Large | US\$5bn+    |
| 50.6              | Mid   | US\$1-\$5bn |
| 37.7              | Small | US\$0-\$1bn |

## 10 largest of 120 holdings (representing 117 companies)

| Stock                | % of fund | Stock            | % of fund |
|----------------------|-----------|------------------|-----------|
| Kinross Gold         | 6.4       | Goldcorp         | 3.5       |
| Gold Fields          | 6.2       | OceanaGold       | 3.5       |
| AngloGold Ashanti    | 5.9       | Tahoe Resources  | 3.3       |
| ETFS Physical Silver | 4.3       | Barrick Gold     | 3.2       |
| Westgold Resources   | 4.2       | Endeavour Mining | 2.8       |

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 £826.3m

## 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                    | 0.00  | 0.08  |
| 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<br>Plus forward from 10am on last Wednesday of the month to last business day of the month |   |
| ISIN                     | O class<br>GB0033628156 (acc)   | C class<br>GB00B8510Q93 (acc)<br>GB00B8BZBT51 (inc) |
| SEDOL                    | 3362815 (acc)   | B8510Q9 (acc)<br>B8BZBT5 (inc)                      |
| Investment adviser       | Ruffer LLP  |   |
| ACD                      | Link Fund Solutions Limited   |   |
| Depositary               | The Bank of New York Mellon (International) Limited   |   |
| Auditors                 | Ernst & Young   |   |
| Structure                | Sub-fund of LF Ruffer Investment Funds (OEIC)<br>UK domiciled UCITS<br>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 30 June 2018, assets managed by the Ruffer Group exceeded £22.3bn.

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