

LF Ruffer Gold Fund

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



September 2018 Issue 178

During September, the fund's O accumulation shares fell by 1.9% from 126.48p to 124.14p. This compares to a 0.8% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was down 0.9% in US dollar terms and 1.3% in sterling terms.

Following the big fall in the gold mining index in August, gold mining stocks continued to trend down in the first half of September before staging something of a recovery into the end of the month. Throughout this period the gold price itself remained remarkably stable at around \$1,200 per oz. The fund broadly followed the gold mining index over the month.

Towards the end of the month, two of the largest gold mining companies, Barrick Gold and Randgold Resources, announced their intention to merge. The deal is relatively unusual in that it is a merger in the real sense and not an acquisition by one party of the other (the transaction will be a nil-premium share for share exchange). It appears to be a genuine attempt on the part of both management teams to create a combined entity which is greater than the sum of its parts. As standalone companies, both Barrick Gold and Randgold Resources have strengths and weaknesses, but the combined entity compares favourably with its peers on almost all metrics and as shareholders of both we are very much in favour of the transaction. Structuring the transaction as a nil-premium merger is also very refreshing in a sector not known for putting the interests of shareholders ahead of management. The market reacted positively to the deal and with consolidation already on the minds of management teams, we believe it is likely to spur further corporate activity – hopefully also of the value-accretive kind.

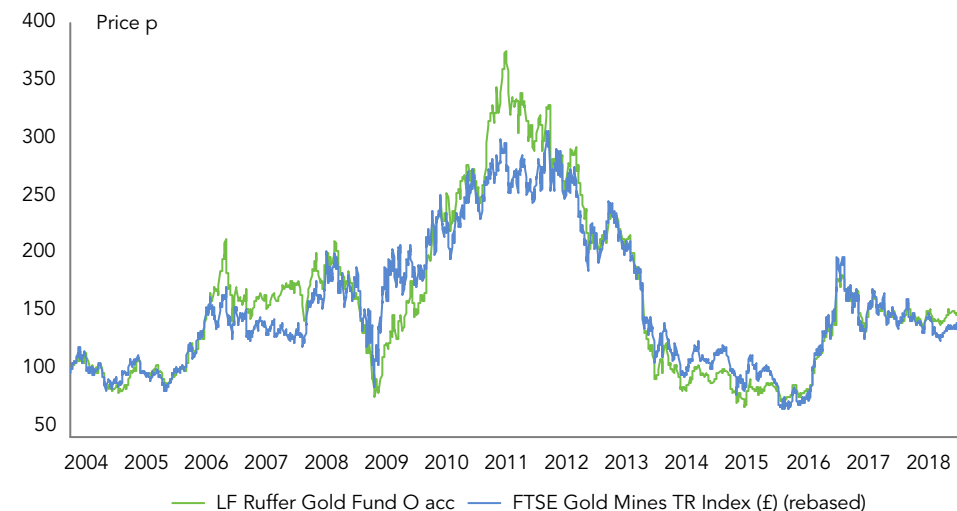
Over the past few months the combination of US dollar strength and rising US interest rates have provided headwinds for gold. Gold mining stocks have also been caught up in the stresses affecting emerging markets as tightening global liquidity and trade war rhetoric has sparked falls in emerging market asset prices and commodities, plus a series of currency crises. Eventually, one would expect the trends we are seeing today to impact global growth, US growth and therefore, the expected path of US interest rates. However with the US dollar remaining strong and the US interest rate rising cycle still intact, the US dollar has been seen as a perfectly adequate safe haven thus far.

As noted last month, the size of the fall in gold mining stocks over the past few months has been inconsistent with the fall in the gold price, and we see plenty of good investment opportunities on a medium term view, provided, of course, that the gold price does not fall significantly from here.

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



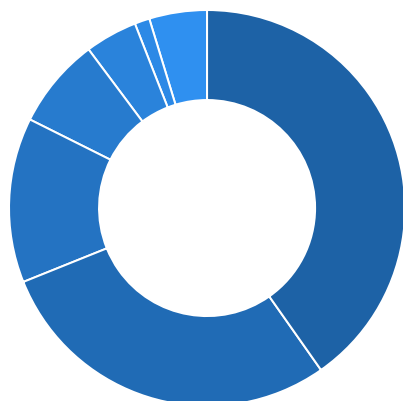
Performance %	September 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-1.9	-15.9	-14.0	59.7	18.8	9.3

Percentage growth (O acc)	%	Share price as at 28 September	p
30 Sep 2017 – 30 Sep 2018	-14.0	O accumulation	124.14
30 Sep 2016 – 30 Sep 2017	-13.1	C accumulation	126.49
30 Sep 2015 – 30 Sep 2016	113.8	C income	76.55
30 Sep 2014 – 30 Sep 2015	-8.4		
30 Sep 2013 – 30 Sep 2014	-18.7		

Source: Ruffer LLP, FTSE International (FTSE) †

LF Ruffer Gold Fund as at 28 Sep 2018

Portfolio structure



Asset allocation	%
• North America	40.3
• Africa	28.6
• Australia	13.5
• Asia	7.4
• South America	4.3
• Options	1.2
• Other	4.7

Capitalisation breakdown

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

10 largest of 142 holdings

Stock	% of fund	Stock	% of fund
Kinross Gold	5.9	Westgold Resources	3.3
AngloGold Ashanti	5.1	Goldcorp	3.3
Barrick Gold	4.1	IAMGOLD	3.1
Gold Fields	3.9	Centerra Gold	2.8
OceanaGold	3.4	Ishares Physical Gold	2.6

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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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 **£860.2m**

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	0.10
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	Ernst & Young 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 August 2018, assets managed by the Ruffer Group exceeded £22.1bn.

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