

LF Ruffer Gold Fund

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



March 2019 Issue 182

During the first quarter, the fund's O accumulation shares rose by 9.6% from 134.39p to 147.32p. This compares to a 4.7% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was up 0.8% in US dollar terms, but down 1.3% in sterling terms.

After a strong recovery in December, the gold price has traded in a c \$1,280 to \$1,340 range through the quarter, a level which is healthy for the majority of gold mining stocks. Gold mining stocks out-performed gold through the quarter, probably partly in recognition of this, as well as because of the strong performance of equities generally.

The key macro-economic development of the quarter was the dovish pivot of the Federal Reserve board in early January, against a backdrop of weak markets and global economic activity indicators. This shift was further reinforced through the quarter so that as we now stand, no US interest rises are expected this year and balance sheet tightening is expected to end in September. The market must now take seriously the possibility that the current US interest rate of only 2.5% represents the top of the interest rate tightening cycle. If it does, then the medium term outlook for gold looks bright and hence the gold price has been supported against the headwinds of the strong stockmarket recovery and strong US dollar through the quarter.

Consolidation continued within the gold mining sector. Following the merger of Barrick Gold and Randgold Resources in 2018, in January, Newmont Mining, the largest listed gold miner prior to the merger of Barrick and Randgold, announced a recommended bid for Goldcorp, another of the largest gold miners. In February, before this transaction had been approved, the newly enlarged Barrick tried to muscle in by launching a hostile bid for Newmont. After a flurry of claims and counterclaims, Barrick withdrew its bid in March as Barrick and Newmont announced the formation of a joint venture in Nevada which would deliver the majority of the synergies of a Barrick/Newmont merger.

These three deals are all very encouraging for the prospects of shareholder value creation in the gold mining sector. The Newmont/Goldcorp merger will add the Goldcorp mines and healthy project portfolio to the excellent operating and execution track record of Newmont. The synergies realised through the Barrick/Newmont joint venture are expected to be huge as it consolidates some of the best gold mining properties and infrastructure in the world to create a business, which would be one of the largest standalone gold miners in the world.

Over the next quarter, the gold price is likely to depend on how expectations for global economic growth evolve. For global economic growth to be strong from here, we need to see a recovery in China and Europe, where economic indicators have been weak. A positive outlook for growth is likely to be positive for stock markets and negative for gold, whereas faltering economic growth will strengthen the case we have already reached the end of the US tightening cycle. It is also worth noting that, for the fund, the outcome of Brexit may be a key driver of performance in the next quarter, with the fund priced in sterling, but the vast majority of investments denominated in other currencies.

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 %	Q1	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	9.6	9.6	5.8	30.2	53.0	3.7
Percentage growth (O acc)	%		Share price as at 29 March 2019			
31 Mar 2018 – 31 Mar 2019	5.8		O accumulation			
31 Mar 2017 – 31 Mar 2018	-7.1		C accumulation			
31 Mar 2016 – 31 Mar 2017	32.5		C income			
31 Mar 2015 – 31 Mar 2016	39.2					
31 Mar 2014 – 31 Mar 2015	-15.6					

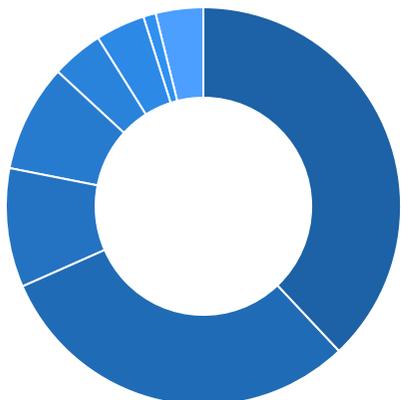
Source: Ruffer LLP, FTSE International (FTSE) †

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 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 Mar 2019

Portfolio structure



Asset allocation	%
• North America	37.9
• Africa	30.5
• Australia	9.7
• Asia	8.7
• South America	4.3
• Europe	4.0
• Options	1.0
• Other	0.0
• Cash	3.9

Capitalisation breakdown

% market exposure	Size	Market cap
22.8	Large	US\$5bn+
36.3	Mid	US\$1-\$5bn
40.9	Small	US\$0-\$1bn

10 largest of 141 holdings

Stock	% of fund	Stock	% of fund
Kinross Gold	6.3	IAMGOLD	3.8
Semafo	5.5	Wheaton Precious Metals	3.4
Centerra Gold	5.4	Gold Fields	3.2
Newmont Mining	5.2	Gold Fields	3.1
AngloGold Ashanti	4.8	Westgold Resources	2.9

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 **£960.2m**

Fund information

%	O class	C class
Ongoing Charges Figure*	1.54	1.24
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.00	0.00
Minimum investment	£1,000	
Ex dividend dates	15 Mar, 15 Sep	
Pay dates	15 May, 15 Nov	
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month	
Cut off	10am on Wednesday (where it is a business day) and the 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 28 February 2019, assets managed by the Ruffer Group exceeded £21.0bn.

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