

# CF 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 0.2% from 153.65p to 153.35p. This compares to a 1.0% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price rose by 3.1% in US dollar and 4.8% in sterling.

Whilst the gold price remained strong through February, for gold mining stocks this was very much a month of two halves with strong share price rises at the beginning of the month followed by an increasingly heavy sell-off from the middle of the month.

The largest positive contributors to performance were Acacia Mining up 24.5%, Northern Star Resources up 12.9% and Westgold Resources up 24.9% (all in sterling terms). Acacia Mining reported results which positively surprised the market and we trimmed our position towards the end of the month following the strong share price performance. Westgold Resources is a growing mid-tier Australian gold producer which was spun out of Metals X, a mixed gold and base metal mining group, during December 2016. Metals X is an example of the type of special situation company we like. We began buying Metals X in 2015 because we believed the market under-appreciated the value of the gold mining assets, largely because of a failure to look below the skin of a company regarded as complicated because of the mix of different commodities. Westgold Resources is up 47.6% (in sterling terms) since it was listed separately in December. The value of Westgold Resources and Metals X combined is up c 165% (in sterling terms) since we first bought in 2015.

The largest negative contributors were Mandalay Resources down 25.5%, Gold Fields down 10.9% and AngloGold Ashanti down 12.2%. Mandalay Resources reported disappointing exploration at one of its three mines during the month. AngloGold Ashanti provided disappointing guidance in that its expectations for costs for the year ahead were higher than the market expected. Gold Fields was roughly treated by the market again in February for no particular reason, pushing the valuation down to compelling levels. We hold Gold Fields because we believe management have shown a strong commitment to delivery of long term shareholder value and the market wildly underestimates the value of its assets. Having successfully deleveraged over the past few years the company is now able to invest in sensible growth projects which should put it in a strong position in a couple of years' time when many peers will face declining production profiles.

The sell-off in gold stocks from the middle of February appears to be related to the sharp rise in the market – implied probability of an interest rate rise by the Federal Reserve in March – the implied probability of this has gone from 32% at the beginning of February to 80% at the beginning of March. It is something of a mystery why the gold price has held up so much better over this period but the divergence between gold and gold mining equities has gone some way to correcting the valuation mis-match between the two which we noted in January. We can now find more stocks which are cheap at the current gold price and so at the end of the month we increased our positions in some of our favoured holdings and selectively bought back into some large capitalisation positions, including Newmont Mining.

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 CF Ruffer Investment Funds is a UK UCITS. The CF Ruffer Gold Fund is not registered for distribution in any country other than the UK.

## 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 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.2	7.0	41.0	53.8	-47.8	-5.7

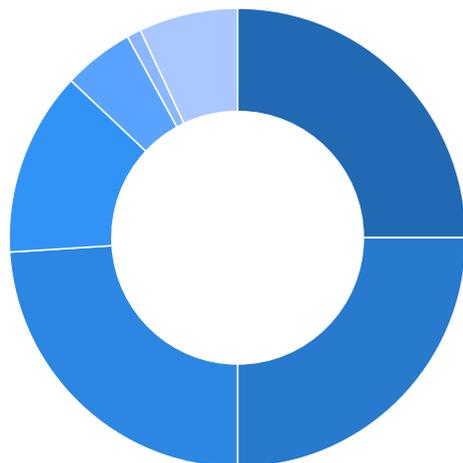
Percentage growth (O acc)	%	Share price as at 28 February 2017	p
31 Dec 2015 – 31 Dec 2016	76.1	<b>O accumulation</b>	<b>153.35</b>
31 Dec 2014 – 31 Dec 2015	11.7	<b>C accumulation</b>	<b>155.51</b>
31 Dec 2013 – 31 Dec 2014	-10.8	<b>C income</b>	<b>94.55</b>
31 Dec 2012 – 31 Dec 2013	-60.8		
31 Dec 2011 – 31 Dec 2012	-18.0		

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

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.

# CF Ruffer Gold Fund as at 28 February 2017

## Portfolio structure



	%
• Africa	25
• North America	25
• Australia	24
• Asia	13
• South America	5
• Other	1
• Cash	7

### Capitalisation breakdown

% market exposure	Size	Market cap
8.1	Large	US\$5bn+
59.7	Mid	US\$1-\$5bn
32.2	Small	US\$0-\$1bn

## 10 largest of 121 holdings (representing 92 companies)

Stock	% of fund	Stock	% of fund
Northern Star Resources	6.0	Acacia Mining	4.3
Evolution Mining	5.5	Nord Gold	4.0
Newmont Mining	5.4	Kirkland Lake Gold	3.8
Kinross Gold	5.0	AngloGold Ashanti	3.6
Gold Fields	4.5	St Barbara	3.1

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 £702.7m

## Fund information

%	O class	C class
Ongoing Charges Figure*	1.59	1.29
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.17	0.29
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	Capita Financial Managers Limited	
Depository	BNY Mellon Trust & Depository (UK) Limited	
Auditors	Grant Thornton UK LLP	
Structure	Sub-fund of CF 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 CF 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 2017, assets managed by the Ruffer Group exceeded £21.0bn, of which over £11.7bn was managed in open-ended Ruffer funds.

## Enquiries

Ruffer LLP	+44 (0)20 7963 8254
80 Victoria Street	rif@ruffer.co.uk
London	
SW1E 5JL	<a href="http://www.ruffer.co.uk">www.ruffer.co.uk</a>

## Dealing line

0345 601 9610

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