

LF Ruffer Gold Fund

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

During December, the fund's O accumulation shares rose by 6.3% from 138.84p to 147.60p. This compares to a 5.0% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was up 2.2% in US dollar terms and 2.7% in sterling terms.

In a repeat of last year's pattern, the gold price and gold mining stocks fell sharply ahead of the US Federal Open Market Committee (FOMC) interest rate decision in the middle of December and then rallied hard from there into year end. Whilst some took the dissent of two members of the FOMC to the interest rate increase as 'dove-ish', the rally in gold and gold mining stocks was probably driven mostly by a reversal of positioning and the anticipation of a seasonal rally. The fund performed particularly well, partly because we have been progressively building positions in those stocks which suffered from negative momentum through 2017 and we saw a partial reversal in these stock price trends into the end of the year.

Overall, 2017 has been a somewhat frustrating year. As mentioned in the November report, we believe the sector has suffered from a general lack of interest from sentient investors and this has led to its under-performance relative to gold and allowed momentum trading strategies to drive nonsensical divergence in valuations within the sector. On top of this, the debacle of the GDXJ rebalance in June (see April and June reports for details) caused a chaotic withdrawal of capital from small cap gold mining stocks which has not yet been replaced. Whilst difficult to objectively quantify, it feels like the sector (and the fund) has suffered from an unusual number of geopolitical 'blow-ups' this year and that negative stock price reactions to such incidents have been excessive – probably another symptom of a general lack of interest in the sector. In this context, the overall performance of the fund this year has been reasonable – the fund's O accumulation shares rose by 3.0% compared to a 0.6% rise in the FTSE Gold Mines Total Return Index in sterling terms – but many individual positions have been roughly treated.

A happy result of the trials of 2017 is that we have built positions in many stocks which ought to perform very well when investors do become interested in the sector again. Whether this occurs in the year ahead is likely to depend primarily on the gold price. Key factors determining the performance of gold in the year ahead are likely to be linked to the Federal Reserve's ability to continue on the current tightening path and the performance of the S&P Index and the US dollar. One of the most striking aspects of stock markets generally during 2017 has been the suppressed level of volatility and this has also been evident in gold. As we noted in the November factsheet, we think it is unlikely that these levels of suppressed volatility will last and so expect 2018 to be a livelier year than 2017.



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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 %	December 2017	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	6.3	3.0	3.0	102.6	-29.3	-20.8

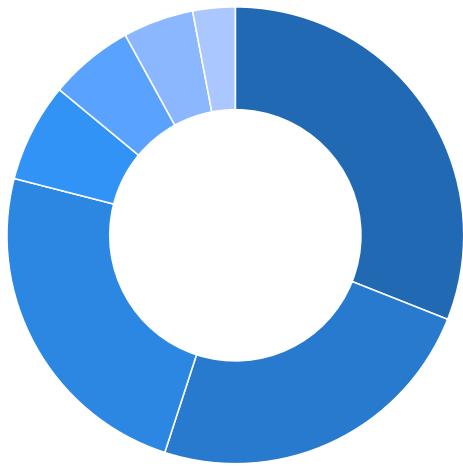
Percentage growth (O acc)	%	Share price as at 29 December 2017	p
31 Dec 2016 – 31 Dec 2017	3.0	O accumulation	147.60
31 Dec 2015 – 31 Dec 2016	76.1	C accumulation	150.06
31 Dec 2014 – 31 Dec 2015	11.7	C income	90.82
31 Dec 2013 – 31 Dec 2014	-10.8		
31 Dec 2012 – 31 Dec 2013	-60.8		

Source: Ruffer LLP, FTSE International (FTSE)[†]

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 December 2017

Portfolio structure



Capitalisation breakdown

% market exposure	Size	Market cap
17.7	Large	US\$5bn+
45.0	Mid	US\$1-\$5bn
37.4	Small	US\$0-\$1bn

10 largest of 114 holdings (representing 108 companies)

Stock	% of fund	Stock	% of fund
Evolution Mining	5.6	Northern Star Resources	3.7
Gold Fields	5.2	Westgold Resources	3.6
Kinross Gold	5.0	Endeavour Mining	3.3
Barrick Gold	3.9	ETFS Physical Silver	2.7
AngloGold Ashanti	3.8	St Barbara	2.5

Source: Ruffer LLP

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

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 £746.9m

Fund information

%	O class	C class
Ongoing Charges Figure*	1.57	1.27
Annual management charge	1.5	1.2
Maximum initial charge	5.0	5.0
Yield	0.35	0.58
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	
	O class	C class
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 31 December 2017, assets managed by the Ruffer Group exceeded £22.8bn, of which over £14.0bn was managed in open-ended Ruffer funds.

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