

LF Ruffer Gold Fund

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



During May, the fund's O accumulation shares rose by 2.9% from 147.00p to 151.21p. This compares to a 3.1% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was down 1.3% in US dollar terms but up 2.2% in sterling terms.

Mid-May saw the gold price fall quite sharply, as the US ten year yield rose above 3% and the market reacted to continued hawkish noises from members of the Federal Open Market Committee (FOMC). Gold found support later in the month, however, as the political chaos in Italy, sharp declines in emerging market currencies (particularly Argentina, Turkey, Brazil and Mexico) and negative developments in the North American Free Trade Agreement (NAFTA) negotiations were reflected in a return of risk-off sentiment. It is unclear whether these developments will continue to provide support to gold as we head towards a further US interest rate rise in June, but the new populist government in Italy and threats of direct presidential control over monetary policy in Turkey can only help the portfolio case for gold.

Our largest positive contributor to fund performance in May was Westgold Resources (up 18% in sterling terms). Westgold Resources is the last remaining Australian gold miner in our top ten largest holdings. We have retained a large position in this stock, with the view that the company will grow production significantly over the next couple of years and then move into a free cash flowing phase. Whilst it has a lot of projects underway, it has a very experienced management team and a strong balance sheet. Its valuation discount to the Australian mid-cap producers has now reached extreme levels and has not been materially reduced by the share price rise this month.

Our largest negative contributor was Kinross Gold (down 4% in sterling terms). Kinross released a strong first quarter result, but unfortunately the market reacted negatively to news that the Mauritanian government had requested talks regarding Kinross's activities in the country – presumably with the aim of gaining a greater share of the economics of its Tasiast mine. Whilst we often invest in companies which operate in risky jurisdictions, we only do so when the risk is already reflected in the valuation, and hence, we expect to do well in this stock regardless of the eventual outcome of any talks.

Over the month, we have re-balanced the 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 very low valuations. Gold Fields and AngloGold Ashanti are similar to Kinross in that they carry a degree of country risk, but we are confident that both these stocks are also valued at levels which more than reflect the risks.

Overall, we still regard gold mining stocks as materially under-valued relative to gold and remain close to fully invested.

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 % | May 2018 | Year to date | 1 year | 3 years | 5 years | 10 years |
|-----------------------|----------|--------------|--------|---------|---------|----------|
| O accumulation shares | 2.9 | 2.4 | 4.2 | 72.8 | 25.3 | -13.6 |

| Percentage growth (O acc) | % | Share price as at 31 May 2018 | p |
|---------------------------|-------|-------------------------------|---------------|
| 31 Mar 2017 – 31 Mar 2018 | -7.1 | O accumulation | 151.21 |
| 31 Mar 2016 – 31 Mar 2017 | 32.5 | C accumulation | 153.92 |
| 31 Mar 2015 – 31 Mar 2016 | 39.2 | C income | 93.16 |
| 31 Mar 2014 – 31 Mar 2015 | -15.6 | | |
| 31 Mar 2013 – 31 Mar 2014 | -46.8 | | |

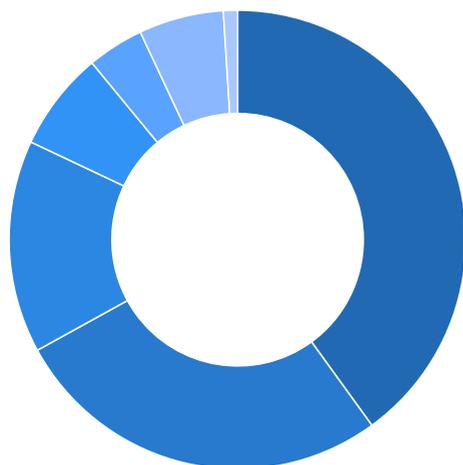
Source: Ruffer LLP, FTSE International (FTSE)[†]

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 31 May 2018

Portfolio structure



| | % |
|-----------------|----|
| • North America | 40 |
| • Africa | 27 |
| • Australia | 15 |
| • Asia | 7 |
| • South America | 4 |
| • Other | 6 |
| • Cash | 1 |

Capitalisation breakdown

| % market exposure | Size | Market cap |
|-------------------|-------|-------------|
| 12.5 | Large | US\$5bn+ |
| 48.6 | Mid | US\$1-\$5bn |
| 38.9 | Small | US\$0-\$1bn |

10 largest of 123 holdings (representing 118 companies)

| Stock | % of fund | Stock | % of fund |
|----------------------|-----------|-----------------|-----------|
| Gold Fields | 6.0 | Goldcorp | 3.8 |
| Kinross Gold | 6.0 | Tahoe Resources | 3.4 |
| AngloGold Ashanti | 5.3 | Barrick Gold | 3.2 |
| ETFS Physical Silver | 4.3 | OceanaGold | 2.9 |
| Westgold Resources | 3.8 | SSR Mining | 2.8 |

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 £848.6m

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 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 | |
| Depositary | 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 May 2018, assets managed by the Ruffer Group exceeded £22.4bn, of which over £14.1bn was managed in open-ended Ruffer funds.

Enquiries

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