

# LF Ruffer Gold Fund

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



November 2018 Issue 180

From 2019 we will be producing this report on a quarterly rather than monthly basis. During November, the fund's O accumulation shares fell by 0.5% from 125.42p to 124.86p. This compares to a 1.7% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was up 0.5% in US dollar terms and 0.6% in sterling terms.

During the month, stock markets and commodity prices continued to be buffeted by concerns regarding rising rates in the US and the implications of the US/China trade war. The gold price remained fairly steady through the month, just about maintaining its appreciating trend since the lows of August. We continued to see wide divergences in the performance of different gold mining stocks without any discernible drivers.

The two largest positive contributors to performance over the month were Tahoe Resources and Gold Fields (up 48% and 10% respectively, in sterling terms). The Gold Fields stock continued its recovery from its excessive fall in August. Tahoe Resources was the subject of a recommended takeover bid from Pan American Silver Corp during November. Tahoe Resources has been hit by both operational and geopolitical issues over the past couple of years. Nevertheless the under-performance of the stock has been excessive and it is one of many mid and small cap stocks we hold where the market valuation has become completely disconnected from the fundamental valuation of the assets. As we have commented in previous monthly sheets, the degree of disconnect between market valuation and fundamental valuation in mid and small cap stocks is now at extreme levels and symptomatic of a market where active investors have been completely overrun by passive funds. We are now starting to see corporates, private equity and certain other investor groups taking advantage of market distortions and expect M&A to be a growing theme in the near term.

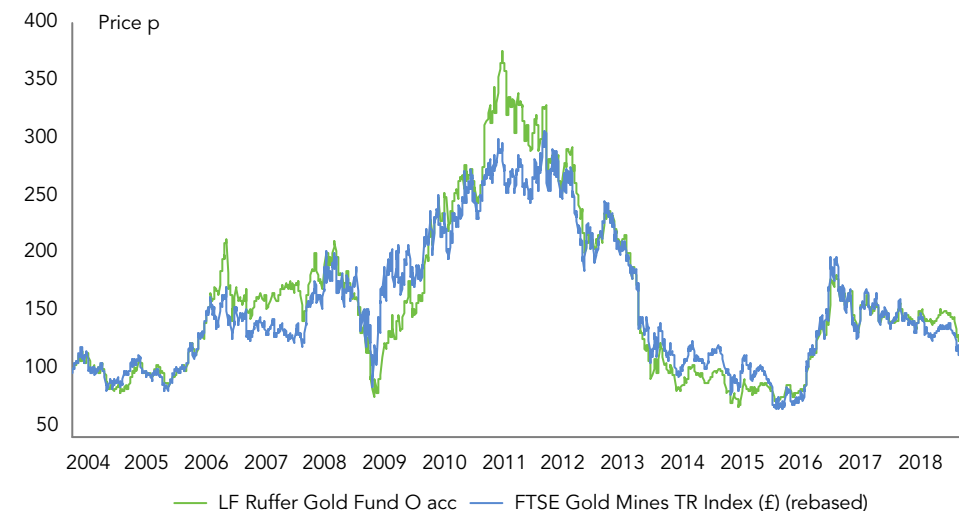
The two largest negative contributors to performance over the month were Endeavour Mining and Semafo Inc (down 19% and 17% respectively, in sterling terms). Both companies have excellent management and high quality assets and are admired by specialist gold mining fund managers. There were no discernible reasons behind the significant falls in these stocks this month and it is tempting to put it down to liquidations by other specialist gold mining funds experiencing outflows or closing.

Over the past few months we have seen signs of investors beginning to return to gold as the volatility in the broader stock market has stimulated renewed interest in holding a risk diversifier. Larger cap gold mining stocks have also been performing relatively well which likely indicates some new investor interest in gold mining. However, mid and small cap gold mining stocks have still performed poorly and this part of the market remains under pressure. We cannot judge how long this will persist but over the long term we believe this represents an opportunity for a reasonably patient investor.

## 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



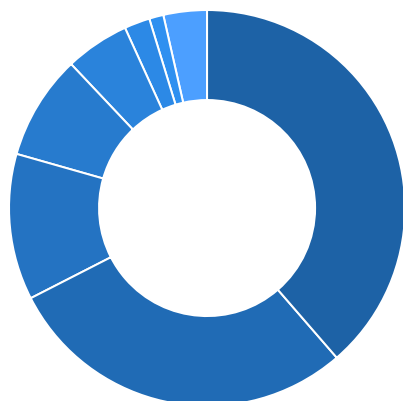
Performance %	November 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-0.5	-15.4	-10.1	63.0	49.2	36.2
<b>Percentage growth (O acc)</b>		<b>%</b>				
30 Sep 2017 – 30 Sep 2018		-14.0				
30 Sep 2016 – 30 Sep 2017		-13.1				
30 Sep 2015 – 30 Sep 2016		113.8				
30 Sep 2014 – 30 Sep 2015		-8.4				
30 Sep 2013 – 30 Sep 2014		-18.7				

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 30 Nov 2018

## Portfolio structure



Asset allocation	%
North America	38.7
Africa	28.8
Australia	12.0
Asia	8.6
South America	5.2
Europe	2.1
Options	1.2
Other	0.0
Cash	3.5

### Capitalisation breakdown

% market exposure	Size	Market cap
16.2	Large	US\$5bn+
50.9	Mid	US\$1-\$5bn
32.9	Small	US\$0-\$1bn

## 10 largest of 153 holdings

Stock	% of fund	Stock	% of fund
Kinross Gold	6.3	Goldcorp	3.4
AngloGold Ashanti	5.3	IAMGOLD	3.0
Gold Fields	4.3	OceanaGold	3.0
Newmont Mining	4.1	Yamana Gold	2.8
Centerra Gold	4.0	Gold Fields	2.7

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

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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 **£873.3m**

## 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	0.00
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 31 October 2018, assets managed by the Ruffer Group exceeded £21.5bn.

## Dealing line

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