

# LF Ruffer Gold Fund

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



March 2022 Issue 194

During the quarter, the fund's O accumulation shares rose by 13.7% from 255.93p to 290.97p. This compares to a 21.65% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price rose by 5.92% in US dollar terms and by 9.01% in sterling terms.

We expected gold to be caught between the pressures of inflation and rising interest rates this year but the Russian invasion of the Ukraine has added a dramatic new element. The invasion itself is a tragedy and the gold price rose, as it usually does in response to geopolitical crises, testing all time highs in early March. The gold price fell somewhat into the March FOMC meeting as the Fed signalled that it would press ahead with interest hikes despite the war. However, this geopolitical crisis will have lasting economic impacts as the US and Europe look to discontinue their use of Russian commodities. We have seen supply shocks across the commodity space but the impact on energy prices will be the most impactful.

Gold mining stocks rallied strongly from the end of January as tensions with Russia built but large cap. gold mining stocks gained disproportionately as the market overwhelmingly favoured the North American go-to names. The fund lagged the index over this period for several reasons, firstly because it holds a low weighting to large cap stocks, secondly Australian gold miners (in which the fund has a relatively high weighting) lagged the North American miners and thirdly because the fund's largest position, Kinross Mining, didn't participate in the rally because it has exposure to Russia.

Kinross Mining is a large cap. North American gold miner and would typically be expected to out-pace the gold mining index when the index rises but clearly Russian exposure did not make it the obvious candidate for new investment on this occasion! Whilst Kinross's Russian exposure is not immaterial it would have represented less than 15% of production in 2022 and we believe that even if these assets are valued at zero Kinross is still trading significantly cheaper than peers. Following the invasion, Kinross announced its intention to divest its Russian assets. We believe divestment of these assets should put the stock in the position to out-perform the sector from here.

By adding higher energy prices to the already difficult inflationary picture, the Russia-Ukraine crisis has made the already challenging job of the Fed even harder. It is somewhat surprising that the gold price has not reacted more strongly to the macro-economic setup, probably this is because the Fed is still managing to maintain some credibility around its 'hawkish' stance. A rising gold price is good for the miners but dealing with the energy cost increases and other inflationary pressures will be challenging. Although the positives from a higher gold price are likely to ultimately win out, gold mining stocks are likely to be bumpy through the quarterly earnings announcements.

## 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



O accumulation shares	Performance %	Share price as at 31 March 2022	p
Q1	13.7	<b>O accumulation</b>	<b>290.97</b>
Year to date	13.7	<b>C accumulation</b>	<b>299.61</b>
1 year	18.0	<b>C income</b>	<b>181.33</b>
3 years	97.5		
5 years	94.1		
10 years	15.3		

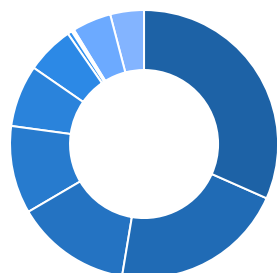
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

12 month performance to March %	2018	2019	2020	2021	2022
LF Ruffer Gold Fund O acc	-7.1	5.8	24.5	34.5	18.0
FTSE Gold Mines TR Index (£) (rebased)	-15.3	10.1	17.8	19.0	24.9

Source: Ruffer LLP, FTSE International (FTSE) †

# LF Ruffer Gold Fund as at 31 Mar 2022

## Portfolio structure



Asset allocation	%		%
• North America	31.7	• Options and protection	0.4
• Africa	20.9	• UK	0.2
• Australia	14.1	• Other equities	0.2
• Asia	10.6	• Other	4.5
• South America	7.3	• Cash	4.2
• Europe	6.0		

### Capitalisation breakdown

% market exposure	Size	Market cap
25.4	Large	US\$5bn+
30.7	Mid	US\$1-\$5bn
43.9	Small	US\$0-\$1bn

## 10 largest of 117 holdings

Stock	% of fund	Stock	% of fund
Kinross Gold	9.0	Etf's Physical Silver	4.3
Endeavour Mining	6.1	Mandalay Resources	3.8
Perseus Mining	6.0	Ramelius Resources	3.4
Centerra Gold	4.8	Red 5	3.4
Westgold Resources	4.7	OceanaGold	3.4

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.

The fund's prospectus and key investor information documents are provided in English and available on request or from [ruffer.co.uk](http://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.

Fund size **£899.2m**

## 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	O class GB0033628156 (acc)	C class 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 2022, assets managed by the Ruffer Group exceeded £25.3bn.

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