

LF Ruffer Gold Fund

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



June 2019 Issue 183

During the second quarter, the fund's O accumulation shares rose by 17.9% from 147.32p to 173.67p. This compares to a 20.1% rise in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was up 9.9% in US dollar terms and 10.5% in sterling terms.

In June, the gold price made a significant move higher, breaking \$1,400 per oz for the first time since 2013. The gold price was supported through the first half of the year by central bank buying, with visible gold purchases by central banks to April running at nearly twice the level of 2018. However, the gold price was driven higher in June by professional investors as concerns regarding the US-China trade war and a re-appraisal of the global growth outlook led to the market pricing in US interest rate cuts from July. The rise in the gold price has been accompanied by a collapse in US bond yields and signs of US dollar weakness.

During the quarter, many stocks in the portfolio performed strongly. However, in most cases this performance still under-represented the difference that the rise in the gold price made to the economics of their businesses, ie they should have risen even further! The exceptions to this were the larger cap 'go-to' names – these are typically the first stocks which investors buy when they first commit funds to the gold mining sector and some of these stocks have risen commensurately with the gold price. Therefore, we have progressively reduced our positions in these stocks and recycled capital into other stocks which we believe still offer an asymmetric risk/reward. An example of a stock which we have added to over the quarter is IAMGOLD Corporation. This stock was actually down on the quarter; it offers extraordinary value at this gold price and a rock solid balance sheet should the gold price reverse.

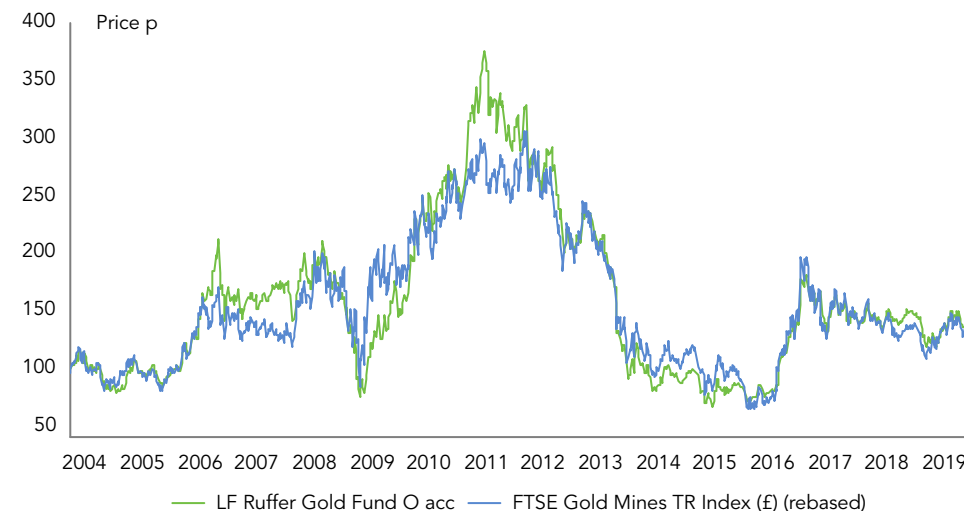
The largest contributors to performance were Silver Lake Resources, Semafo Inc and AngloGold Ashanti. All three of these companies were already very healthy businesses at lower gold prices with little apparent rationale for their discounted valuations. It is heartening to see these stocks beginning to close the valuation gap to peers but we see the potential for all three to continue to out-perform.

Over the next quarter, the gold price is likely to depend on how expectations for economic growth evolve and whether we are now entering a sustained US interest rate easing cycle. Given the sharp rally in gold over the past quarter and low economic growth expectations, a period of consolidation seems reasonably likely in the short term, but if developed market growth does continue to be weak then it is likely that we have only seen the beginning of a sustained rise in gold. Gold mining stocks offer a considerably better risk/reward than gold bullion at this time with the great majority of holdings in the fund not pricing in a gold price of \$1,400 per oz. Should the gold price be sustained at this level we expect the fund to perform well.

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 %	Q2	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	17.9	29.2	18.0	11.6	88.9	14.8

Percentage growth (O acc)	%	Share price as at 28 June 2019	p
30 Jun 2018 – 30 Jun 2019	18.0	O accumulation	173.67
30 Jun 2017 – 30 Jun 2018	2.8	C accumulation	177.36
30 Jun 2016 – 30 Jun 2017	-8.0	C income	107.34
30 Jun 2015 – 30 Jun 2016	87.2		
30 Jun 2014 – 30 Jun 2015	-9.6		

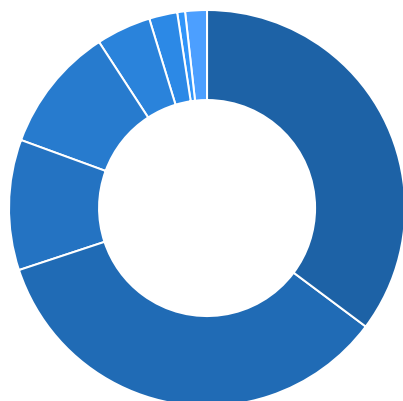
Source: Ruffer LLP, FTSE International (FTSE) †

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 28 Jun 2019

Portfolio structure



Asset allocation	%
• North America	35.2
• Africa	34.8
• Australia	10.5
• Asia	10.3
• South America	4.4
• Europe	2.4
• Options	0.0
• Other	0.7
• Cash	1.7

Capitalisation breakdown

% market exposure	Size	Market cap
11.4	Large	US\$5bn+
48.3	Mid	US\$1-\$5bn
40.4	Small	US\$0-\$1bn

10 largest of 126 holdings

Stock	% of fund	Stock	% of fund
Kinross Gold	7.0	IAMGOLD	5.3
Centerra Gold	7.0	Silver Lake Resources	5.3
Gold Fields	6.8	Westgold Resources	4.2
Semafo	6.4	Wheaton Precious Metals	3.4
AngloGold Ashanti	5.6	Centamin	2.6

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.

Fund size **£995.5m**

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	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 May 2019, assets managed by the Ruffer Group exceeded £20.6bn.

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