

LF Ruffer Gold Fund

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



June 2022 Issue 195

During the quarter, the fund's O accumulation shares fell by 21.57% from 290.97p to 228.20p. This compares to a fall of 23.20% in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price fell by 6.72% in US dollar terms but rose by 0.67% in sterling terms.

This has been a very challenging quarter for gold mining stocks, whilst the gold price has been fairly resilient, all gold mining stocks have been sold aggressively as investors have moved to liquidate positions across all asset classes in the face of a hawkish Federal Reserve. As always when gold mining stocks have been sold hard, smaller cap. stocks have been hit harder and this has impacted the performance of the fund as it is heavily weighted towards medium and small cap. stocks.

Gold mining stocks have suffered more than the market generally partly just because they tend to be amongst the least loved stocks in a diversified portfolio (and hence the first to be ditched when portfolio managers are forced to sell) but also partly because of poor operational performance. General inflationary pressures plus labour shortages and supply chain issues are leading to increasing unit costs and also a higher propensity to under-shoot production guidance at producing mines. Construction projects appear to be most impacted with very large cost overruns and delays at several projects emerging during the quarter.

Part of our portfolio which has been badly impacted has been our Western Australian producers where labour shortages have been particularly acute. Now that the State has re-opened this issue should gradually subside but in this quarter the wave of covid infections has more than outweighed the inflow of new workers. The stocks have fallen very hard in anticipation of bad news with Westgold Resources and Ramelius Resources (our two largest positions of this type) down 38.8% and 39.9% respectively in sterling terms. We regard these stock price reactions as excessive with both of these companies being established gold producers with net cash balance sheets.

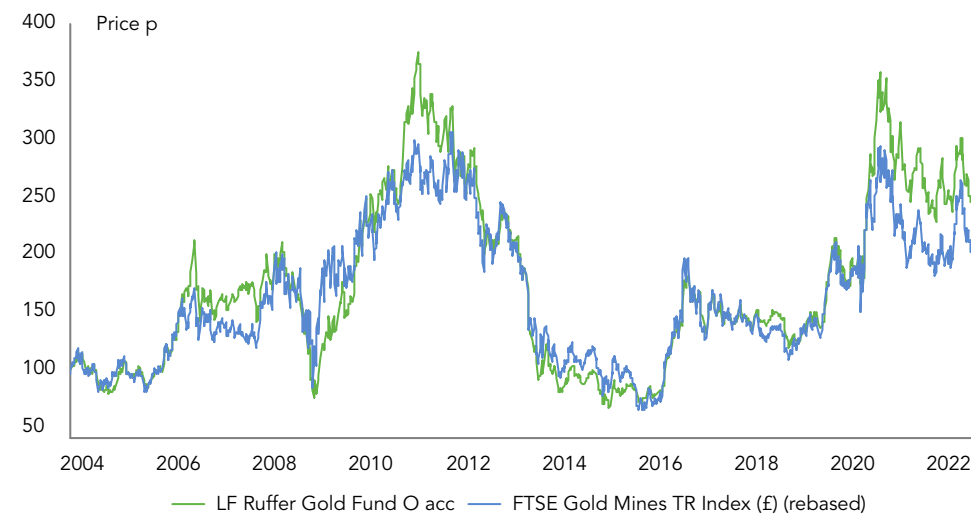
During the quarter, both Centerra Gold and Kinross Gold appear to have resolved the geopolitical issues overhanging them with the government of Kyrgyzstan agreeing to the cancellation of its stake in Centerra and Kinross completing the sale of its Russian assets. Normally we would have expected a significant positive market reaction but Centerra fell 25.7% and Kinross fell 34.3% (in sterling terms)!

We believe that our portfolio is very attractively valued relative to the gold price. Operational issues will likely continue to affect newsflow for some time but stock prices now generally imply much worse outcomes than is likely. Therefore, we believe that our portfolio offers good long term exposure, although in the short term whilst the Fed remains committed to controlling inflation, gold and hence gold mining stocks will remain under pressure, along with broader stock indices.

Investment objective

To seek to achieve capital growth over the longer term (at least seven years), after all costs and charges have been taken. Capital invested is at risk and there is no guarantee that the objective will be achieved over any time period.

Performance since launch on 1 October 2003



O accumulation shares	Performance %	Share price as at 30 June 2022	p
Q2	-21.6	O accumulation	228.20
Year to date	-10.8	C accumulation	235.16
1 year	-11.5	C income	142.32
3 years	31.4		
5 years	59.4		
10 years	10.3		

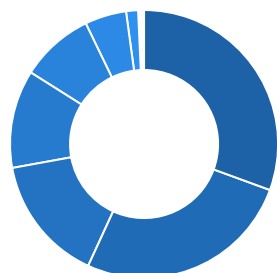
12 month performance to June %	2018	2019	2020	2021	2022
LF Ruffer Gold Fund O acc	2.8	18.0	73.5	-14.4	-11.5
FTSE Gold Mines TR Index (£) (rebased)	-1.8	24.4	50.3	-20.4	-6.0

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 Jun 2022

Portfolio structure



Asset allocation	%
• North America	30.7
• Africa	26.1
• Australia	15.3
• Asia	11.9
• South America	8.9
• Europe	5.1
• Options and protection	1.4
• UK	0.3
• Other equities	0.2
• Cash	0.2

Capitalisation breakdown

% market exposure	Size	Market cap
12.9	Large	US\$5bn+
28.9	Mid	US\$1-\$5bn
58.2	Small	US\$0-\$1bn

10 largest of 112 holdings

Stock	% of fund	Stock	% of fund
Endeavour Mining	7.9	Westgold Resources	4.4
Kinross Gold	7.2	OceanaGold	4.2
Perseus Mining	7.1	Ramelius Resources	3.5
Centerra Gold	6.0	Pan African Resources	3.4
Mandalay Resources	5.4	Red 5	3.2

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.

The fund's prospectus and key investor information documents are provided in English and available on request or from 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 **£557.3m**

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 31 May 2022, assets managed by the Ruffer Group exceeded £26.6bn.

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