

# LF Ruffer Gold Fund

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

During August, the fund's O accumulation shares fell by 12% from 143.74p to 126.48p. This compares to a 12% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period the gold price was down 1.9% in US dollar terms and 0.7% in sterling terms.

August was a difficult month for the gold mining sector and for the fund. After a steady drift down during July, we saw a sudden collapse in gold mining stocks in mid-August. This collapse in stock prices was characterised by panic selling without regard for fundamentals and no part of the sector was spared. Gold mining stocks seem to have been caught up in the stresses affecting emerging markets as tightening global liquidity and trade war rhetoric has sparked falls in emerging market asset prices and commodities plus a series of currency crises. Shouldn't gold be providing a safe haven in this environment? Typically it should, but so far the difficulties in emerging markets are not seen as sufficient to imperil global growth. Eventually one would expect the trends that we are seeing today to impact global growth and then US growth and hence the path of US interest rates, but with the US dollar remaining strong and the US interest rate rising cycle still intact, the US dollar has been seen as a perfectly adequate safe haven and gold has been ignored.

Typically we look to out-perform during a falling market, but on this occasion we failed because we were simultaneously hit by bad headlines in several of our significant positions. Releasing negative headlines into a market in free-fall is a recipe for disaster, especially given the dearth of active investors in the sector who are prepared to make decisions based on fundamentals. The largest negative contributor to performance during August was Gold Fields which was one of the largest positions in the fund and fell approximately 33% in sterling terms. Gold Fields' misdeed was to announce that it will be undertaking a restructuring of its struggling South African mine – South Deeps. South Deeps only represented around 15% of expected annual production and has been a drag on cash flow for some time. In other market circumstances, the announcement that Gold Fields was going to take decisive action to address longstanding issues at an unprofitable mine could have been taken positively – this month we had to live with the opposite. Looking forward, we are excited to have this position in the fund – importantly, almost half of Gold Fields' production is high margin production in Australia.

The size of the fall in gold mining stocks has been inconsistent with the fall in the gold price (although gold did break the psychologically important level of \$1,200 per oz during the month). Whilst we would not want to predict how much more pain there is to come, we do expect the stocks to recover from here over time, unless current stock prices are validated by a significant move lower in the gold price.

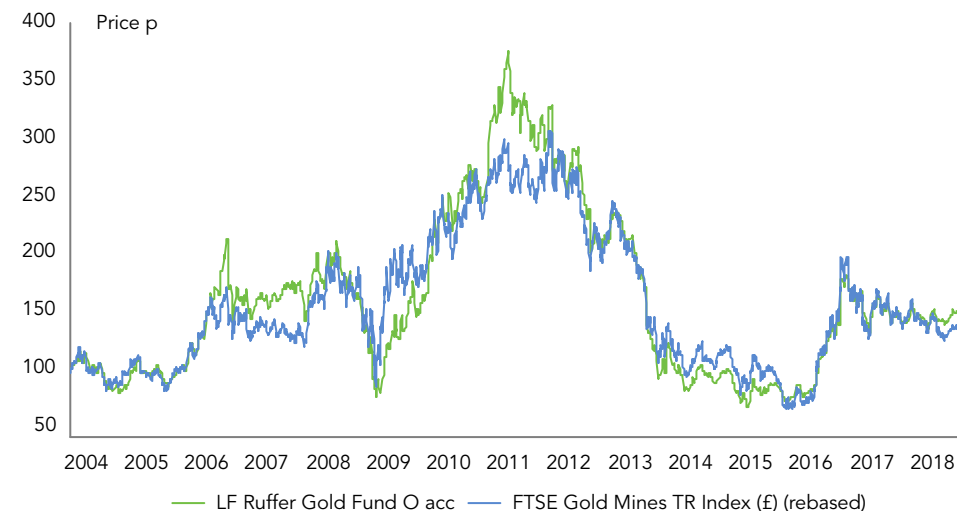
The fund's prospectus and key investor information documents are provided in English and available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Gold Fund is not registered for distribution in any country other than the UK.



## 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 %	August 2018	Year to date	1 year	3 years	5 years	10 years
O accumulation shares	-12.0	-14.3	-16.2	70.4	5.9	-8.8

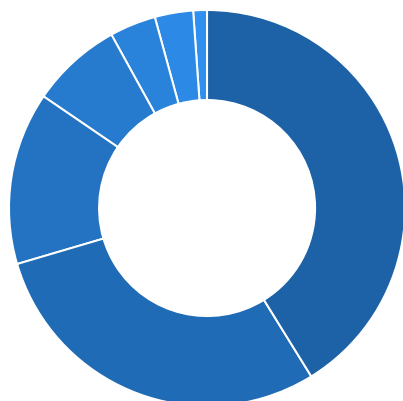
Percentage growth (O acc)	%	Share price as at 31 August 2018	p
30 Jun 2017 – 30 Jun 2018	2.8	O accumulation	126.48
30 Jun 2016 – 30 Jun 2017	-8.0	C accumulation	128.85
30 Jun 2015 – 30 Jun 2016	87.2	C income	77.98
30 Jun 2014 – 30 Jun 2015	-9.6		
30 Jun 2013 – 30 Jun 2014	0.5		

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 31 Aug 2018

## Portfolio structure



Asset allocation	%
• North America	41.2
• Africa	29.3
• Australia	14.0
• Asia	7.5
• South America	3.7
• Other	3.2
• Cash	1.1

Capitalisation breakdown		
% market exposure	Size	Market cap
13.7	Large	US\$5bn+
46.1	Mid	US\$1-\$5bn
40.2	Small	US\$0-\$1bn

## 10 largest of 135 holdings

Stock	% of fund	Stock	% of fund
Kinross Gold	6.5	Westgold Resources	3.8
AngloGold Ashanti	5.8	Goldcorp	3.7
Barrick Gold	4.2	Tahoe Resources	2.8
Gold Fields	4.0	Endeavour Mining	2.7
OceanaGold	3.8	Silver Standard Resources	2.7

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 £708.2m

## 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	0.09
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	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 July 2018, assets managed by the Ruffer Group exceeded £22.4bn.

## Dealing line

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