

LF Ruffer Gold Fund

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



September 2021 Issue 192

During the quarter, the fund's O accumulation shares fell by 11.5% from 257.96p to 228.29p. This compares to a 9.70% fall in the FTSE Gold Mines Total Return Index in sterling terms. Over the period, the gold price fell by 0.74% in US dollar terms but rose by 1.90% in sterling terms.

Following the hawkish tilt of the Federal Open Market Committee (FOMC) in June, the gold price remained range bound through the third quarter. However, gold mining stocks did not bounce from the end of June lows and continued to trend down over the quarter as the market continued to price in expectations of tapering of asset purchases by the Federal Reserve and then the start of a rate-raising cycle in 2022. Fears of an imminent fall in the gold price as tapering becomes a reality and bond yields move higher appears to be behind persistent generalized selling of gold miners. As often occurs when capital is withdrawn from the sector based on an asset allocation view, medium/small sized stocks have suffered disproportionately and stocks which are out of favour have suffered even more. The relatively poor performance of the fund over the quarter reflects a relatively high weighting to medium/small sized stocks. Also our investment style tends towards out of favour stocks because over the longer term we have found that this is where the best investment opportunities can be found.

The equity position which delivered the largest positive contribution to performance was Endeavour Mining (up 7.4% in sterling terms). This is one of the largest positions in the fund, it has a diversified portfolio of low cost mines, excellent organic opportunities for growth within the company and a solid strategy. We believe the stock price is too low, given the qualities and cash generation of the company and we expect this to be reflected in the stock price over the medium term. The company pays a reasonably healthy dividend and is also returning cash to shareholders through a buyback, given the low price of its stock.

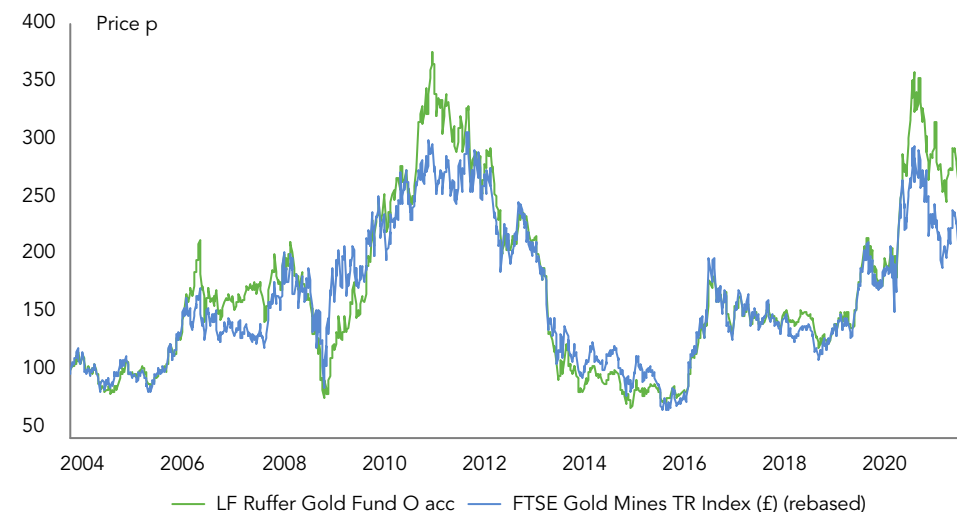
Australian positions were over-represented in the list of largest negative contributors in the quarter, in particular, Ramelius Resources, Westgold Resources and Silver Lake Resources (down 22.3%, 14.7% and 20.4% respectively in sterling terms). We believe the poor performance of these stocks is simply reflective of them being not particularly well-known medium/small sized stocks listed in Australia at a time of generalized selling in the sector. All three companies have net cash balance sheets and expect to produce solid free cash flow over the year ahead and so ought really to be relatively insensitive to a fall in the gold price!

It remains to be seen how quickly the market will fully adjust to the tapering of asset purchases by the Federal Reserve and the beginning of a rate-raising cycle but we expect that it will eventually. Gold mining stocks currently offer a compelling risk/return proposition relative to gold. Following this quarter, on some measures they are now the cheapest they have ever been relative to gold, pricing in a significantly lower gold price than we see today.

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 30 September 2021	p
Q3	-11.5	O accumulation	228.29
Year to date	-23.2	C accumulation	234.72
1 year	-29.7	C income	142.06
3 years	83.9		
5 years	37.3		
10 years	-16.6		

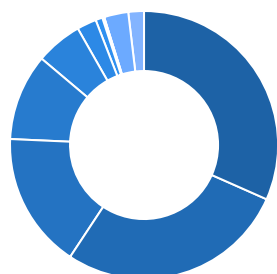
12 month performance to September %	2017	2018	2019	2020	2021
LF Ruffer Gold Fund O acc	-13.1	-14.0	59.2	64.2	-29.7
FTSE Gold Mines TR Index (£) (rebased)	-14.9	-19.1	61.1	43.0	-30.2

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 Sep 2021

Portfolio structure



Asset allocation	%		%
• North America	31.5	• Options and protection	0.9
• Africa	27.8	• UK	0.2
• Australia	16.4	• Other equities	0.1
• Asia	10.4	• Other	2.9
• South America	5.7	• Cash	1.8
• Europe	2.2		

Capitalisation breakdown

% market exposure	Size	Market cap
22.1	Large	US\$5bn+
23.5	Mid	US\$1-\$5bn
54.5	Small	US\$0-\$1bn

10 largest of 112 holdings

Stock	% of fund	Stock	% of fund
Endeavour Mining	6.2	Ramelius Resources	4.4
Perseus Mining	6.1	AngloGold Ashanti	3.8
Kinross Gold	5.9	Gold Fields	3.7
Westgold Resources	5.2	OceanaGold	3.5
Centerra Gold	4.7	Mandalay Resources	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 **£644.8m**

Fund information

%	O class	C class
Ongoing Charges Figure*	1.55	1.25
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 August 2021, assets managed by the Ruffer Group exceeded £22.9bn.

Dealing line

0345 601 9610

Enquiries

Ruffer LLP	+44 (0)20 7963 8254
80 Victoria Street	rif@ruffer.co.uk
London	
SW1E 5JL	www.ruffer.co.uk

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