



CF RUFFER BAKER STEEL GOLD FUND

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

JULY 2014

ISSUE 128

Share price as at 31 Jul 2014

O accumulation **97.73p**

C accumulation **98.32p**

Percentage growth (O acc) %

30 Jun 2013 – 30 Jun 2014 0.5

30 Jun 2012 – 30 Jun 2013 -55.8

30 Jun 2011 – 30 Jun 2012 -30.6

30 Jun 2010 – 30 Jun 2011 13.1

30 Jun 2009 – 30 Jun 2010 73.9

Source: Ruffer LLP

% O class C class

Ongoing Charges Figure (OCF) 1.95 1.63

Annual management charge 1.85 1.55

Yield 0.00 0.00

Investment adviser Ruffer LLP

Sub adviser Baker Steel Capital Managers LLP

ACD Capita Financial Managers Limited

Depository BNY Mellon Trust & Depository (UK) Limited

Auditors Grant Thornton UK LLP

Structure Sub-fund of CF Ruffer Investment Funds (OEIC)
UK domiciled UCITS
Eligible for ISAs

IMA classification Specialist Fund

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.

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



Monthly review

The CF Ruffer Baker Steel Gold Fund rose 6.3% this month, compared with the FTSE Gold Mines Total Return Index which fell 0.1%. Gold fell 3.4% (US\$) for the month, 2.1% in sterling.

The fund rose during the month despite a fall in the gold price and the FTSE Gold Mines Index. This is an encouraging indication that gold equities will continue to outperform gold, as has been the case since gold bottomed in June 2013. Furthermore general equity markets declined during the month (S&P 500 - 1.5%), signalling a turning point for investors following the strong performance of US equity markets over the last two years.

A supportive factor for the gold price at its current level is the recent stability of ETF gold holdings which, having fallen by around 33% during 2013, are flat year-to-date (Source: RBC Capital Markets). ETF gold sales are no longer exerting downward pressure on the gold price and indeed should provide support to gold as investor confidence returns and buying resumes. Notably, gold equity ETFs have received convincing inflows during 2014 so far; in particular the GDXJ ETF, which is focused on the junior gold mining sector, has had year-to-date net inflows from investors of around US\$1bn (Source: Lipper).

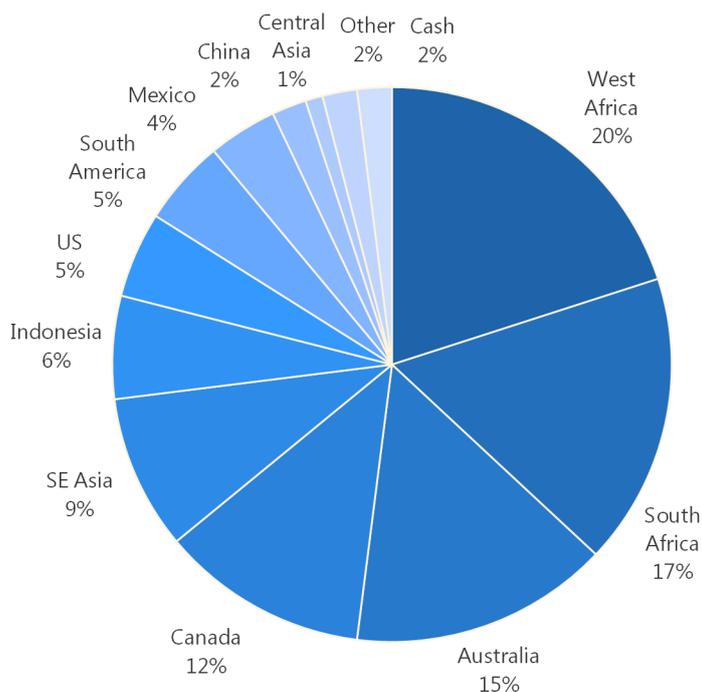
G-Resources' (5.9% of NAV) Martabe Mine in Indonesia continues to stand out as a high quality asset, delivering another quarter of strong performance with sales of c73koz gold at US\$709/oz all-in sustaining cost ('AISC') (net of silver credits). After an initial lag the market is beginning to take notice of the company, which rose 15.5% (HK\$) during July, with investors attracted by its debt-free status and

strong operating credentials, evidenced by cash and marketable securities increasing US\$40m to US\$313m during Q2 2014. Similarly Lake Shore Gold (4.5% of NAV), which gained 23.7% (C\$) during July, is building upon its run of solid production results with record quarterly sales of 53.5koz at US\$784/oz AISC. In addition a strong operating margin has seen cash and bullion increase from C\$34m in Q4 2013 to C\$53.4m in Q2 2014, whilst at the same time the company has reduced its debt load by C\$17.4m. In terms of the fund's core development holding, Metals Exploration's (7.8% of NAV) announcements in May and June of securing debt finance and steady construction progress at its Runruno Mine in the Philippines began to feed into the share price, which increased 13.2% in sterling during the month.

Good operating results are not always readily recognised by the market, an example being Nord Gold (2.5% of NAV), which fell 12.8% (US\$) in July despite announcing a Q2 production increase of 26% to 265koz and reducing its net debt by cUS\$37m. Nord Gold operates a diversified portfolio of nine mines, the majority in West Africa and Russia, of which eight achieved year-on-year production increases, and the company appears well placed to meet its 2014 guidance of 870-920koz.

David Baker attended a comprehensive site visit of AngloGold Ashanti's and Gold Field's Western Australian gold mines, during July. In total six mines were visited, all of which demonstrated being well run with strong potential to outperform over the longer term.

Portfolio structure of CF Ruffer Baker Steel Gold Fund as at 31 Jul 2014



Source: Ruffer LLP

Ten largest holdings as at 31 Jul 2014

Stock	% of fund
Metals Exploration	7.8
G-Resources	5.9
Endeavour Mining	5.9
Gold Fields	5.8
Ivanhoe Mines	5.4
Lake Shore Gold	4.5
IAMGold	4.4
AngloGold Ashanti	4.4
Mandalay Resources	4.1
Evolution Mining	4.1

Source: Ruffer LLP

Ruffer

The Ruffer Group manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 July 2014, assets managed by the group exceeded £16.8bn, of which over £7.8bn was managed in open-ended Ruffer funds.

Baker Steel Capital Managers LLP

Baker Steel, a specialist natural resources fund manager established in 2001, has around US\$524m under management as at 31 July 2014. The founders and managing partners, David Baker and Trevor Steel, have extensive experience and an award-winning performance record. The investment team is complemented by robust operational and systems infrastructure. Baker Steel has worldwide, 24 hour market coverage with offices in London and Sydney. Baker Steel Capital Managers LLP is authorised and regulated by the Financial Conduct Authority.



DAVID BAKER Fund Manager

Co-founded Baker Steel Capital Managers LLP (BSCM) in 2001. Previously a senior portfolio manager at Merrill Lynch Investment Managers (MLIM), specialising in the Natural Resources sector. He has a degree in mineral processing and a Masters in mineral production management from Imperial College, London.



TREVOR STEEL Fund Manager

Co-founded BSCM in 2001. Previously worked alongside David Baker for over nine years in building MLIM's Natural Resources team. He holds a degree in Geology from the Royal School of Mines, Imperial College, London. Trevor is a Regular Member of the CFA Institute and CFA UK Society.

Enquiries

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Fund information

Fund size	£156.4m (31 Jul 2014)
Number of holdings	62 (31 Jul 2014)
Number of companies invested in	58 (31 Jul 2014)
Minimum investment	£1,000
Ex dividend dates	15 March, 15 September
Pay dates	15 May, 15 November

Capitalisation breakdown	% market exposure	Size	Market cap
	10.6	Large	US\$5bn+
	13.3	Mid	US\$1-\$5bn
	76.1	Small	US\$0-\$1bn

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
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Dealing line	0845 601 9610
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ISIN	O class GB0033628156 (acc) C class GB00B8510Q93 (acc)
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SEDOL	O class 3362815 (acc) C class B8510Q9 (acc)
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Charges	Initial charge 5% Annual management charge O class 1.85%, C class 1.55%
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