



CF RUFFER BAKER STEEL GOLD FUND

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

JANUARY 2010

ISSUE 75

Share price as at 31 Jan 2010

Accumulation shares

219.24p

Launch price as at 1 Oct 2003

100.00p

Percentage growth

31 Dec 2008 – 31 Dec 2009	95.0%
31 Dec 2007 – 31 Dec 2008	-35.6%
31 Dec 2006 – 31 Dec 2007	14.2%
31 Dec 2005 – 31 Dec 2006	17.2%
31 Dec 2004 – 31 Dec 2005	42.3%

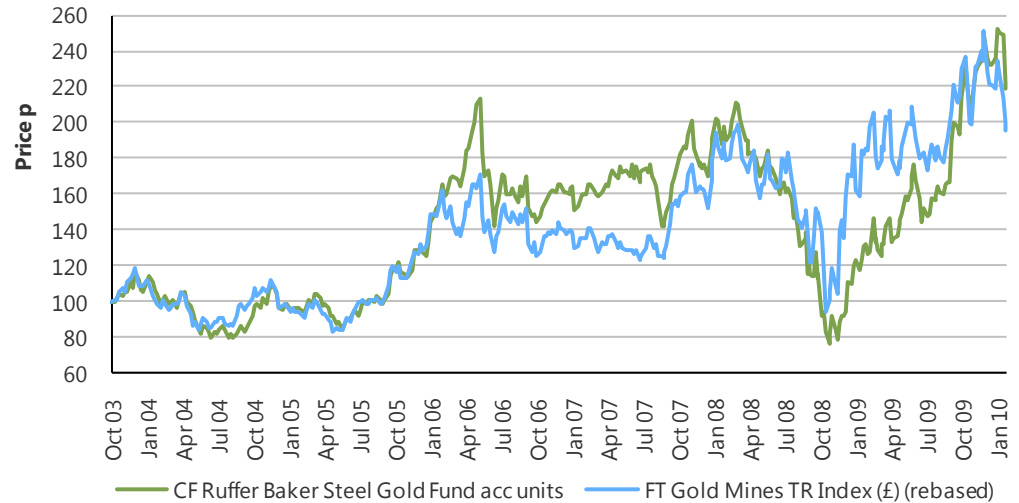
Source: Ruffer LLP

Investment adviser	Ruffer LLP
Sub-advisor	Baker Steel Capital Managers LLP
ACD	Capita Financial Managers Limited
Depository	The Bank of New York Trust & Depository Company Limited
Auditors	Grant Thornton UK LLP
Structure	Sub-fund of CF Ruffer Investment Funds (OEIC) UK domiciled UCITS III Eligible for ISAs
Share classes	Accumulation only
IMA classification	Specialist Fund
Benchmark (performance comparator)	FTSE Gold Mines Index Total Return (£)

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 inception



Source: Ruffer LLP

Monthly review

The Fund fell 6.4% in January whilst the FTSE Gold Mines Total Return Index fell 10.7% and gold bullion fell 1.5% in US dollar terms.

Since early December 2009 when gold reached an all time high, the gold market has come under pressure. Our positive market view remains unchanged as despite some economic indicators showing an end to the recessionary environment, much of the data infers things are simply not getting any worse. Certainly, we have not seen an end to the consumer de-leveraging and this will likely continue to slow the pace of any recovery. Furthermore, US President Barack Obama has unveiled a greater than expected US\$1.5trillion deficit forecast for 2010 and Congress has agreed to extend the Federal credit limit to more than US\$14trillion. The continuing fiscal stimulus packages worldwide will almost certainly result in an extended reflationary environment, hence our continuing belief that gold will become a more prevalent alternative to holding fiat currencies.

ETF holdings of gold have held steady whilst some of the speculative position in gold bullion has been reduced this month. However, Indian jewellery demand is strengthening with the Bombay Bullion Association reporting that gold imports in India are expected to rise to about 40t in January 2010, up from 9.8t in January 2009.

In the last couple of months, gold share indices have fallen - the FTSE Gold Mines Total Return Index fell 17.0% whilst the Fund is down 7.9%. We feel that this is a great opportunity to buy into the market and have been using recent weakness to buy back into companies that have been oversold in comparison to their peers. In January, gains from Archipelago Resources, Victoria Gold, OceanaGold and a new holding in Crew Gold were offset by losses from Nevsun Resources which has been impacted by concerns over their debt financing package following UN sanctions being imposed on Eritrea; Lihir Gold announced the departure of their CEO and subsequently lowered their 2010 production guidance.

In depth review – OceanaGold (4.8% NAV)

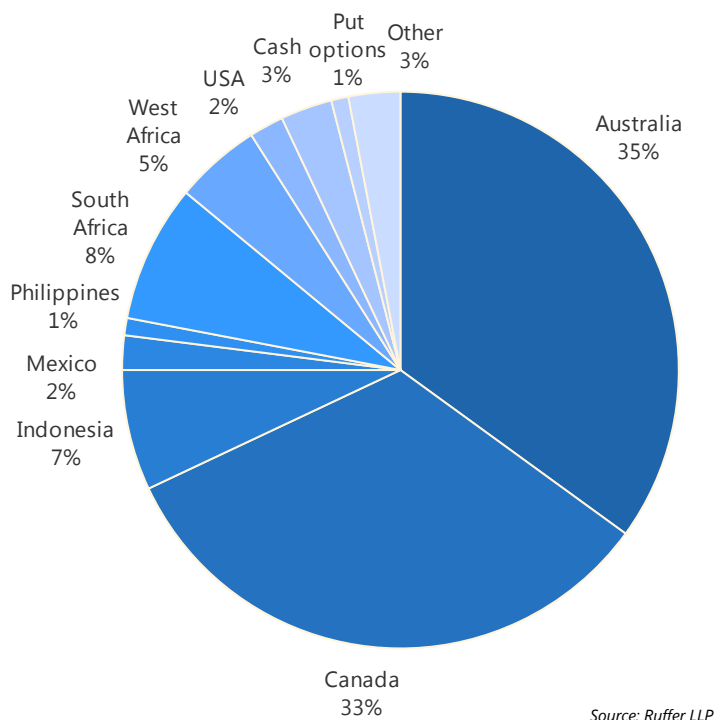
We increased our investment in OceanaGold, taking advantage of the distressed valuation in late 2008 and

were rewarded in 2009 with the shares rising over +700%. The company's primary assets are in New Zealand, with a development project in the Philippines. 2009 was a record year for production, delivering over 300koz at US\$435/oz, a 14% increase over 2008. Previous years have been hampered by inconsistent operating performance from the founding operation, the Macraes open cut mine, and a leveraged balance sheet that left minimal funds to explore their extensive land package in New Zealand. The company has now diversified its production with the start-up of the Frasers underground operation and the Reef ton open cut mine. OceanaGold raised A\$24m in new equity in July last year to focus on near mine exploration with an aim to extend and maintain a mine life of its operations of 7–8 years. In the last two months they have announced the successful addition of 876koz to their reserves and will keep the exploration program running at full pace through 2010. The one remaining issue for the company is delivery into their hedge positions which will be completed in 2010. Subsequently the company will be producing 280–300koz per annum at a cash cost of less than US\$500/oz. Whilst the New Zealand production base more than underpins the valuation of the company whose current market capitalisation is just under A\$350m, they also own the Didipio high grade gold-copper porphyry project in the Philippines. US\$80m has already been spent on this project, with the majority of the long lead-time items for construction held and 60% of site earthworks complete. The project was put on 'care and maintenance' following a failed financing in December 2008; however, the company has kept its mining permits in good standing and maintained a presence in the region, recently being recognised for outstanding environmental achievement by the Philippine Department of Environment and Natural Resources. The company is completing an optimisation study on the asset which has the potential of adding 150koz of gold and 15kt of copper to their annual production for 15 years. The management team and board have been strengthened in the last few months and have a focus on unlocking the embedded value in the company and continuing to strengthen the balance sheet to enable further long term growth. The shares certainly provided a great return in 2009 but we, like the company's management, expect significant further returns in 2010 and beyond.

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. Issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL.

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Portfolio structure as at 31 Jan 2010



Ruffer LLP

Ruffer LLP looks after investments on a discretionary basis for private clients, their trusts and pension funds. It also manages portfolios for small and medium sized corporate and charitable institutions. As at 31 January 2010, funds managed by the group exceeded £5.8bn, of which over £2.1bn 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\$800m under management. The founders and managing partners, David Baker and Trevor Steel (Investment), 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.



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 (Imperial College).



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 graduated from the Royal School of Mines in 1990.

Enquiries

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Ten largest holdings as at 31 Jan 2010

Stock	% of fund
Resolute Mining	7.6
Archipelago Resources	6.9
Centerra Gold	6.4
OceanaGold	4.8
Great Basin Gold	4.6
Allied Gold	4.2
Nevsun Resources	3.7
Gold Fields	3.6
Lihir Gold	3.3
Exeter Resources	3.2

Source: Ruffer LLP

Fund information

Fund size	£277.8m (31 Jan 2010)
No. of holdings	87 (31 Jan 2010)
No. of companies invested in	69 (31 Jan 2010)
Minimum investment	£1,000
Distribution yield	0%
Total Expense Ratio	1.92%
Ex dividend dates	15 March, 15 September
Pay dates	15 May, 15 November

Capitalisation breakdown	% NAV	Size	Market cap
	10.1%	Large	\$5bn+
	13.0%	Mid	\$1-\$5bn
	76.9%	Small	\$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 Number	O class: GB0033628156
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Sedol Number	O class: 3362815
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Charges	Initial charge 5% Annual management charge O class 1.85%
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