

# Ruffer Fixed Income

Positive returns from fixed income



October 2015 Issue 27

Over the course of the month the fund's C capitalisation shares rose from £101.66 to £101.84. The US Treasury 10 year bond yield rose from 2.04% to 2.14%.

The storm clouds of the third quarter have lifted and most markets are back into positive territory for the year. There have, however, been casualties - performance across managers and across sectors has been diverging and this dispersion is potentially signalling a new market regime.

The global monetary policy environment continues to be one of shifting sands and evolving opinions. Recently, Mario Draghi alluded to the European Central Bank's (ECB) need to consider 'all the options' available to stave off deflation and hinted at an imminent rate cut, moving the eurozone deeper into negative interest rates. In the Financial Times, Wolfgang Münchau (associate editor) has published articles which champion giving each EU citizen a cheque for €5,000. If this doesn't take care of the inflation 'problem' (remember stable or falling prices really are a problem in an overly indebted world) then the ECB should send another cheque. Willem Buiter, Chief Economist at Citi and Andy Haldane at the Bank of England have both proposed the abrogation of cash. These are quite incredible ideas proposed by credible people. A key feature of today's environment is the confidence placed in the success of radical policy experiments and a failure to concede the inevitability of some negative unforeseen consequences. One interesting distinction is that unlike quantitative easing, so called 'helicopter drops' or outright monetary finance cannot be undone – that genie does not go back into the bottle. While we do not know what the unintended consequences might be, history cautions us not to expect a free lunch.

Across the Atlantic, the 'will they, won't they' two-step on rate hikes has pirouetted once again and the Fed governors are now making hawkish noises once again, signalling a move before the year-end. This time, markets have reacted positively to this development, and the signal it sends over the Fed's economic confidence. Additionally, it suggests September's confused communication and non-hike was just the first policy mistake of what will be a treacherous exit from zero rates. If the Fed hikes, and the ECB cuts rates in the same month it will be the first time since May 1994 – a stark indication of the perceived divergence of economic performance on either side of the Atlantic.

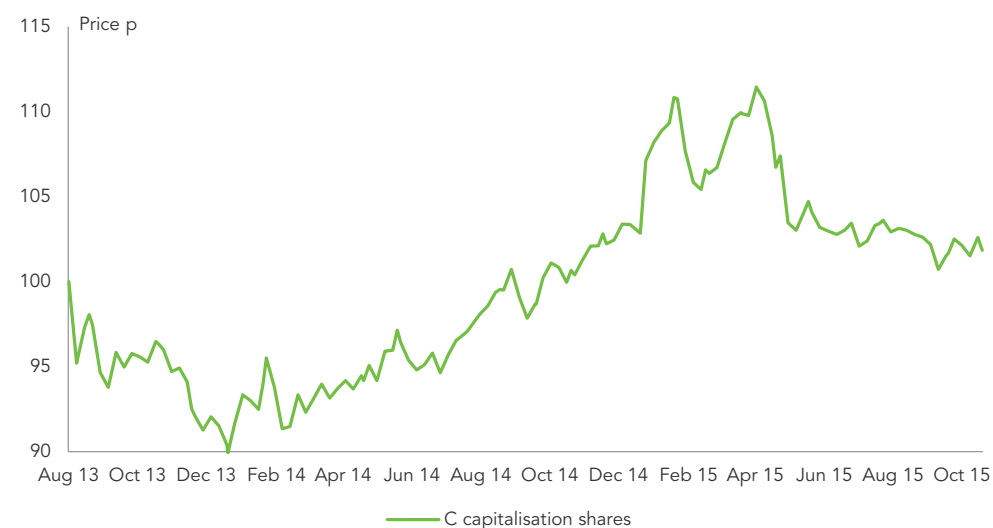
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## Investment objective

The investment objective of Ruffer Fixed Income is to achieve positive returns from an actively managed portfolio of predominantly fixed-income securities, variable-income securities and related instruments issued by governments and other entities, without geographical restriction.

## Performance since launch on 13 August 2013 – C class shares GBP



Performance %	October 2015	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	0.2	-1.0	1.2	na	na	na

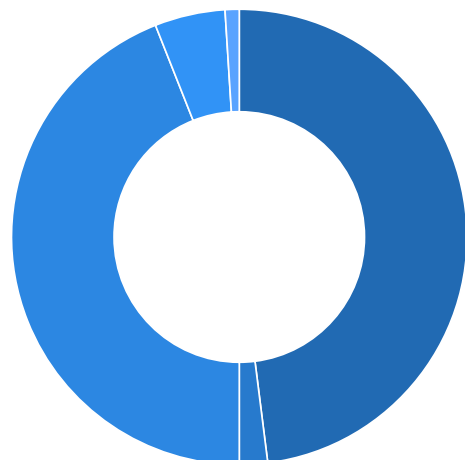
Percentage growth (C GBP cap)	%	Share price as at 31 October 2015	£
30 Sep 2014 – 30 Sep 2015	3.0	C capitalisation GBP	101.84
30 Sep 2013 – 30 Sep 2014	3.9	C distribution GBP	101.84
30 Sep 2012 – 30 Sep 2013	na	Z capitalisation GBP	104.43
30 Sep 2011 – 30 Sep 2012	na	Z distribution GBP	104.08
30 Sep 2010 – 30 Sep 2011	na		

Source: Ruffer LLP

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.

# Ruffer Fixed Income as at 31 October 2015

## Portfolio structure



	%
• US inflation-linked bonds (0-7 years)	48
• US inflation-linked bonds (7-15 years)	2
• US inflation-linked bonds (over 15 years)	44
• Japan inflation-linked bonds	5
• New Zealand inflation-linked bonds	1

## 5 largest of 19 bond holdings

Stock	% of fund
US TIPS 0.625% 2021	13.3
US TIPS 2.125% 2041	11.0
US TIPS 0.125% 2022	10.9
US TIPS 0.75% 2042	8.1
US TIPS 0.625% 2043	7.4

Source: Ruffer LLP

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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.

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Fund size £362.0m

## Fund information

Ongoing Charges Figure %	Cap	Dis	
C class GBP	1.29	1.29	
Z class GBP	0.15	0.15	
%	O class	C class	Z class
Maximum annual management fee	1.5	1.2	0.0
Maximum initial charge	5.0	5.0	7.5
Minimum investment £	1,000	10m	30m
Record date	Third Monday of November		

Ex dividend dates Next NAV following the record date

Payment Within five business days after ex dividend date

Dealing Weekly, every Tuesday (if not a business day, on the following business day) Plus on the first business day of each month

Cut-off 4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)

ISIN	O class	C class	Z class
Cap	LU0954199336	LU0954198791	LU0954199096
Dis	LU0954198874	LU0954199252	

Structure Sub fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV

Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent FundPartner Solutions (Europe) S.A.

Investment manager Ruffer LLP

Custodian Pictet & Cie (Europe) S.A.

Auditors Ernst & Young S.A.

## Fund Managers

### Alex Lennard

INVESTMENT DIRECTOR



Joined Ruffer in 2006 after graduating from Exeter University with an honours degree in economics and finance; he is a member of the Chartered Institute for Securities & Investment. He is co-manager of Ruffer Total Return International.

### Marnoch Aston

RESEARCH ANALYST



Joined the Financial Stability Directorate at the Bank of England in 2008, prior to which he was a founding partner of Clematis Capital. He has an MSc in Economics and Finance from Warwick University and joined Ruffer in 2012.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 October 2015, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.3bn was managed in open-ended Ruffer funds.

## Enquiries

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