

# Ruffer Fixed Income

Positive returns from fixed income

Over the course of the month the fund's C capitalisation shares rose 0.6% from £101.84 to £102.44. The US Treasury 10 year bond yield rose from 2.14% to 2.21%. It has been another month of marking time for markets, recovering from the gyrations of the third quarter and steeling themselves for a possible US rate hike before the end of the year.

Strange things have been happening in the relative valuations of fixed income instruments. US inflation linked bond yields from one year out are now positive, which is astonishing given that the Federal Reserve does not expect its benchmark Fed Funds rate to be above its inflation target until into 2018, and expects real yields to be about 1% in the longer term. Most notably, when compared to nominal bond yields, breakeven inflation rates are well below the Federal Reserve's target all the way out to 30 years. In part, this reflects the dramatic fall in oil prices, but also contributing is the lack of liquidity and capital to close anomalous relative valuations. This lack of capital and liquidity is caused by changes to the regulatory framework for banks and other financial institutions which make government bonds far less attractive than they once were. Only now are governments waking up to this reality, and moves are afoot to tweak the regulation and restore the primacy of government bonds.

The US dollar strengthened steadily throughout the month against developed market currencies, notably the euro. This strength is explained by the return of the drumbeat emphasising differential monetary policy stances. Following its meeting at the end of October, the European Central Bank has continued to emphasise its dovish intentions, and the currency markets have listened. On the other side of the Atlantic ocean, US employment data and pronouncements from Federal Reserve officials seem to indicate a rate hike is likely in December. Of course, this was the case in June and September; this time may really be different.

The talk of near term rate hikes and the promise of positive real yields is something we listen to. But we believe that they will not be sustained; the weight of debt and other deflationary forces will see to that. Once that has occurred, the authorities will try even harder and the result will be inflationary. It is that outcome that drives our portfolio positioning.

Please note that Ruffer SICAV is a Luxembourg UCITS and subject to Luxembourg law. Ruffer SICAV is authorised by and subject to the supervisory authority in Luxembourg, the CSSF, and is a scheme recognised by the UK's Financial Conduct Authority (FCA). Ruffer Fixed Income (RFI) is not registered for distribution in any country other than Luxembourg, Switzerland (qualified investors only) and the UK. The fund's prospectus and key investor information documents are provided in English and are available on request or from [www.ruffer.co.uk](http://www.ruffer.co.uk). Ruffer LLP is not able to market RFI in other countries, except under certain exemptions.

In line with the Prospectus, it is possible that at any one time Ruffer Fixed Income may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities were Ruffer would currently consider holding more than 35% would be US government issued transferable securities.

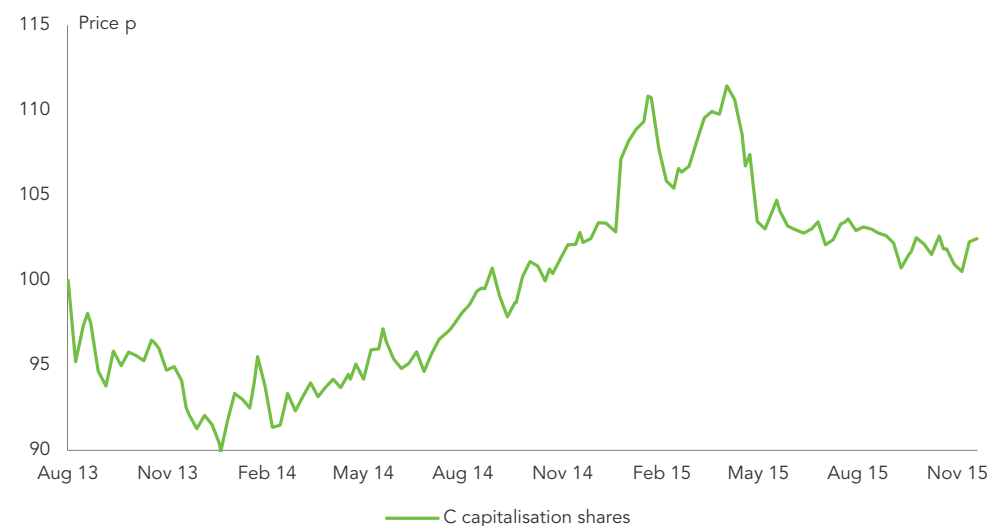


November 2015 Issue 28

## 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 %	November 2015	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	0.6	-0.4	-0.4	na	na	na

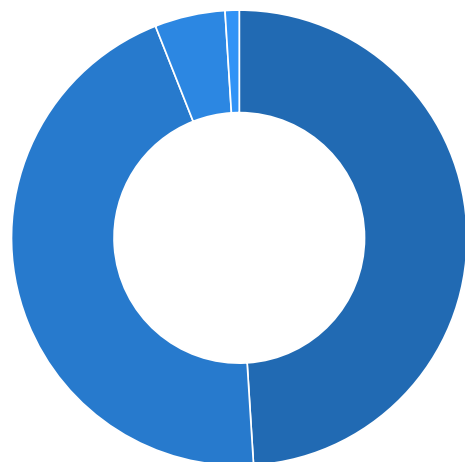
Percentage growth (C GBP cap)	%	Share price as at 30 November 2015	£
30 Sep 2014 – 30 Sep 2015	3.0	C capitalisation GBP	102.44
30 Sep 2013 – 30 Sep 2014	3.9	C distribution GBP	102.43
30 Sep 2012 – 30 Sep 2013	na	Z capitalisation GBP	105.15
30 Sep 2011 – 30 Sep 2012	na	Z distribution GBP	104.04
30 Sep 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 30 November 2015

## Portfolio structure



	%
• US inflation-linked bonds (0-7 years)	49
• US inflation-linked bonds (over 15 years)	45
• Japan inflation-linked bonds	5
• New Zealand inflation-linked bonds	1

## 5 largest of 18 bond holdings

Stock	% of fund
US TIPS 0.625% 2021	13.5
US TIPS 2.125% 2041	11.3
US TIPS 0.125% 2022	11.1
US TIPS 0.75% 2042	8.3
US TIPS 0.625% 2043	7.6

Source: Ruffer LLP

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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.

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Fund size £365.4m

## 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 30 November 2015, assets managed by the Ruffer Group exceeded £18.3bn, of which over £9.4bn was managed in open-ended Ruffer funds.

## Enquiries

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