

# Ruffer Fixed Income

Positive returns from fixed income



March 2016 Issue 32

Over the course of the month the fund's C capitalisation shares rose 1.8% from £107.26 to £109.19. The US Treasury 10 year bond yield rose from 1.73% to 1.77%.

Following on from last month's commentary on more radical policies, the newly-elected Canadian government became the first to embark on such policy. Their use of fiscal expansion combined with monetary policy in an attempt to stimulate the economy, with the tacit approval of the central bank, puts monetary dominance in abeyance. We see this as the start of a longer term global trend rather than a one off experiment.

While others may eventually follow suit, for the time being the heavy lifting is being left to central banks. In March the Bank of Japan stood pat, perhaps still hurting from the markets' response to their foray into negative rates. If the Japanese were somewhat circumspect, the European Central Bank showed no such restraint. They cut rates further into negative territory; increased the size and expanded the scope of their asset purchases, and; unveiled a new scheme to heavily subsidise bank lending. In the US the Federal Reserve surprised markets by cutting their forecast for future interest rate hikes at their policy meeting. This message was reinforced later in the month in a speech by Janet Yellen.

Away from domestic monetary policy, the price of oil rose over the course of the month providing relief to expectations that it would continue to exert a disinflationary impulse globally. At a global level, more importantly the G20 Finance Ministers meeting in Shanghai is being seen as a watershed moment. What is clear is that the Chinese are being more open with their global counterparts about the currency and economic policies. Others hint at behind closed doors deals; in any case the US dollar has weakened since the meeting.

A weakening US dollar combined with stimulatory noises and actions from the various central banks has switched the markets' tone from disinflationary to reflationary. While interest rates on US Treasury 10 year nominal bonds are little changed, those on inflation linked bonds have fallen, explaining the fund's positive performance. This mild reflationary upswing is welcome, but in the longer run our portfolio is positioned to take advantage of the type of fiscal and monetary coordination more radical than that which the Canadians have begun.

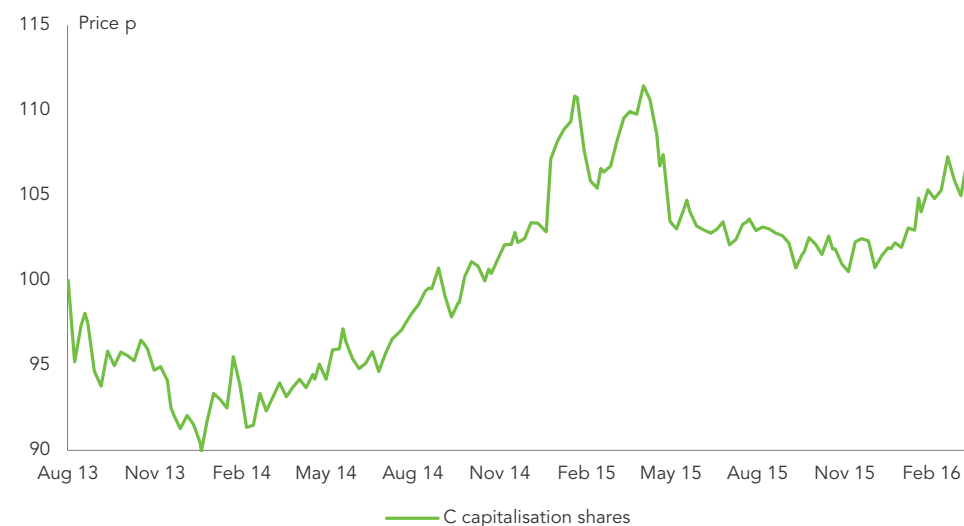
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In line with the Prospectus, it is possible that at any one time Ruffer Fixed Income may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public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

## 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 %	March 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	1.8	7.2	-0.6	na	na	na

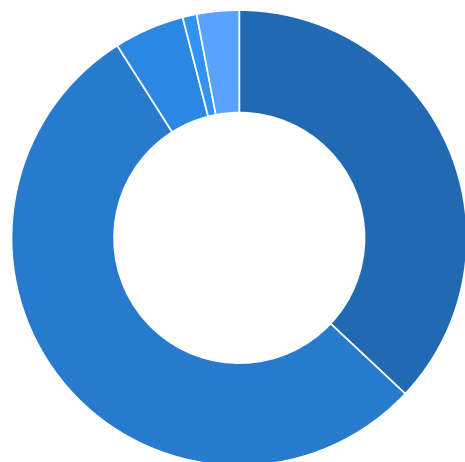
Percentage growth (C GBP cap)	%	Share price as at 31 March 2016	£
31 Mar 2015 – 31 Mar 2016	-0.6	C capitalisation GBP	109.19
31 Mar 2014 – 31 Mar 2015	18.0	C distribution GBP	109.20
31 Mar 2013 – 31 Mar 2014	na	Z capitalisation GBP	112.52
31 Mar 2012 – 31 Mar 2013	na	Z distribution GBP	111.33
31 Mar 2011 – 31 Mar 2012	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 March 2016

## Portfolio structure



	%
• US inflation-linked bonds (0-7 years)	37
• US inflation-linked bonds (over 15 years)	54
• Japan inflation-linked bonds	5
• New Zealand inflation-linked bonds	1
• Cash	3

## 5 largest of 17 bond holdings

Stock	% of fund
US TIPS 0.625% 2021	13.0
US TIPS 2.125% 2041	11.7
US TIPS 1.375% 2044	10.2
US TIPS 0.75% 2045	9.7
US TIPS 0.75% 2042	8.7

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 £391.2m

## Fund information

Ongoing Charges Figure %	Cap	Dis	
C class GBP	1.29	1.28	
Z class GBP	0.13	0.13	
%	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 March 2016, assets managed by the Ruffer Group exceeded £18.2bn, of which over £9.2bn was managed in open-ended Ruffer funds.

## Enquiries

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