

Ruffer Fixed Income

Positive returns from fixed income

Over the course of the month the fund's C capitalisation shares rose 5.5% from £108.56 to £114.49. The US Treasury 10 year bond yield fell from 1.85% to 1.47%.

The surprise result of the UK referendum grabbed all the headlines (more of which later), and yet the trends for the month were already well in train by then.

It all started with the US employment numbers at the beginning of the month which came in worse than had been expected. Yields fell all along the US curve, and by more at the long end than the short end. Real yields fell too, but not by as much as nominal yields so breakeven inflation rates fell. By the time the Federal Reserve met mid-month markets were expecting a great deal. The Federal Reserve delivered: long run rate expectations were lowered and near term hikes taken off the table. It worked: a reflationary tone emerged, US yields rose, as did breakeven inflation. That is until the UK referendum.

When it became clear that the Leave campaign had won the UK referendum global markets lurched back to a deflationary mindset, nominal bond yields collapsed as did real yields, but breakeven inflation still rose. So our TIPS made money, on top of which our long US dollar position did well as sterling fell. The Governor of the Bank of England indicated that policy easing would be necessary.

The European Central Bank and Bank of Japan both met in June and both did nothing. The lack of action by the Bank of Japan was more of a surprise given the slow progress towards meeting their self-imposed inflation target. Japan is in the run up to the upper house election in July. If the inflation and GDP targets are to be met then something must be done, the questions are what and by whom. In the meantime the yen strengthened steadily over the month, which is viewed by markets as being disinflationary.

It may seem perverse that an unambiguously disinflationary event does not dent our confidence in inflation protected bonds. Our reasoning is that these events bring closer ever more inflationary policies.

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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.

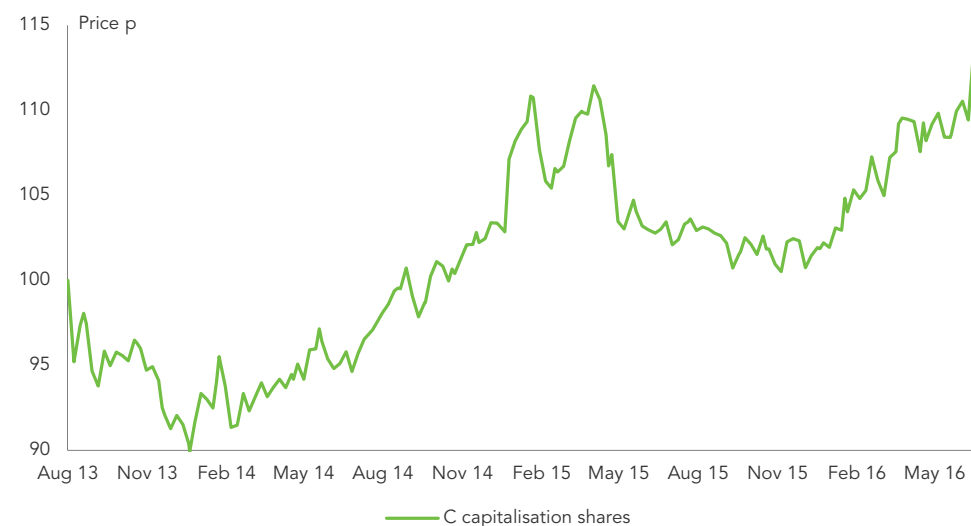


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Investment objective

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 %	June 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	5.5	12.4	11.1	na	na	na

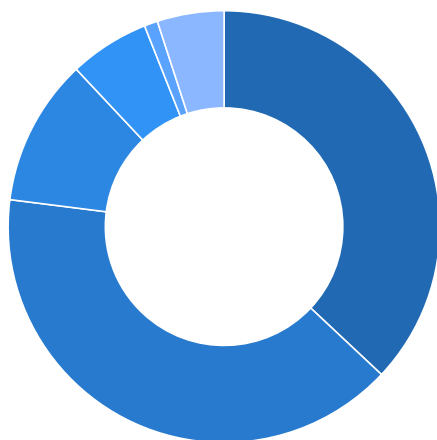
Percentage growth (C GBP cap)	%	Share price as at 30 June 2016	£
30 Jun 2015 – 30 Jun 2016	11.1	C capitalisation GBP	114.49
30 Jun 2014 – 30 Jun 2015	7.5	C distribution GBP	114.49
30 Jun 2013 – 30 Jun 2014	na	Z capitalisation GBP	118.32
30 Jun 2012 – 30 Jun 2013	na	Z distribution GBP	117.07
30 Jun 2011 – 30 Jun 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 30 June 2016

Portfolio structure



	%
• US inflation-linked bonds (0-7 years)	37
• US inflation-linked bonds (over 15 years)	40
• Canada inflation-linked bonds (over 15 years)	11
• Japan inflation-linked bonds	6
• New Zealand inflation-linked bonds	1
• Cash	5

5 largest of 19 bond holdings

Stock	% of fund
US TIPS 0.625% 2021	12.3
US TIPS 0.125% 2022	9.1
US TIPS 0.625% 2043	8.8
US TIPS 0.75% 2045	8.3
US TIPS 1.375% 2044	7.8

Source: Ruffer LLP

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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 £401.7m

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 30 June 2016, assets managed by the Ruffer Group exceeded £18.5bn, of which over £10.1bn was managed in open-ended Ruffer funds.

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