

Ruffer Fixed Income

Positive returns from fixed income

Over the course of the month the fund's C capitalisation shares fell 2.1% from £117.90 to £115.48. The US Treasury 10 year bond yield rose from 1.8% to 2.4%.

Central bankers around the world must be feeling somewhat sheepish. Ever since the financial crisis they have struggled to raise inflation expectations no matter what outlandish policies they enacted. Yet Donald Trump's election has seen ten year US breakeven inflation rise by about 25 basis points. The nominal ten year yield rose by 55 basis points and 10 year real yields by 30 basis points. Never in the field of finance has so much been assumed by so many on so few details.

In part the market's reaction justifies the increasing global focus on fiscal policy. It is Trump's plans for tax cuts and infrastructure spending that are attracting the attention of analysts. At the moment the market is ignoring some of his more economically negative policies from the campaign trail.

From here the Fed's reaction is key. Expectations are that they will raise rates in December, and the move up in market rates has brought them in line with the Fed's internal forecasts. While conventional economic models suggest that a fiscal splurge such as Trump is proposing will not affect the terminal neutral interest rate; in the near term the Fed 'should' tighten more quickly than they otherwise would have. This one foot on the brake, one on the accelerator approach is unlikely to be as beneficial as the kind of monetary/fiscal coordination suggested in other countries.

The fiscal boost proposed will be financed with more US government bonds with a strong hint that 50 or 100 year bonds will be considered. So the fundamental problem of too much debt will remain, and we believe that it will take fiscal and monetary coordination to deliver debt reduction. Thirty year US real yields at close to 1% are starting to look attractive again.

Elsewhere we have added to our position in Japanese inflation linked bonds as their prices do not reflect the returns that will be delivered if the fiscal and monetary authorities deliver on their promises.

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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.



November 2016 Issue 40

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 2016	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	-2.1	13.4	12.7	24.8	na	na

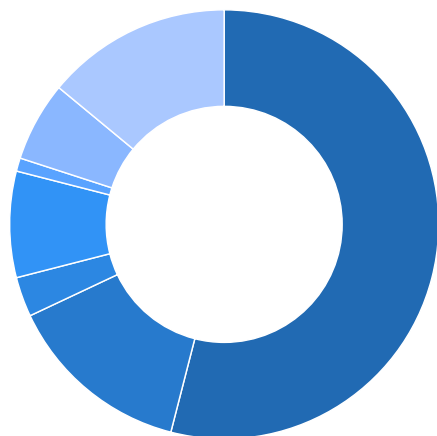
Percentage growth (C GBP cap)	%	Share price as at 30 November 2016	£
30 Sep 2015 – 30 Sep 2016	15.2	C capitalisation GBP	115.48
30 Sep 2014 – 30 Sep 2015	3.0	C distribution GBP	115.48
30 Sep 2013 – 30 Sep 2014	3.9	Z capitalisation GBP	119.92
30 Sep 2012 – 30 Sep 2013	na	Z distribution GBP	117.63
30 Sep 2011 – 30 Sep 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 November 2016

Portfolio structure



	%
• US inflation-linked bonds (0-7 years)	54
• US inflation-linked bonds (over 15 years)	14
• Japan inflation-linked bonds (0-7 years)	3
• Japan inflation-linked bonds (7-15 years)	8
• New Zealand inflation-linked bonds	1
• Canada inflation-linked bonds	6
• Cash	14

5 largest of 19 bond holdings

Stock	% of fund
US TIPS 0.625% 2021	13.0
US TIPS 1.25% 2020	12.0
US TIPS 0.125% 2022	10.9
US TIPS 1.875% 2019	8.9
US TIPS 0.125% 2022	7.3

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 £401.6m

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
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Cap	LU0954199336	LU0954198791	LU0954199096
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Dis	LU0954198874	LU0954199252
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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 DIRECTOR



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 2016, assets managed by the Ruffer Group exceeded £20.3bn, of which over £11.2bn was managed in open-ended Ruffer funds.

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