

Ruffer Fixed Income

Positive returns from fixed income

Over the course of the quarter, the fund's C capitalisation shares rose 0.4% from £116.19 to £116.70. The US Treasury ten year bond yield rose from 2.86% to 3.06%.

In the US, three sets of Consumer Price Index (CPI) inflation figures above 2.7% and a continued low rate of unemployment means that the economy is humming along at a very good pace. It seems as if the Federal Reserve will stay the course on its current projections, barring significant developments that make it either stop or raise rates at a faster pace. The US economic picture is being distorted by the huge fiscal stimulus currently in place. The conventional wisdom is that the stimulus will be real, but transitory. We agree: as the near term inflationary effects fade, against a backdrop of higher nominal rates real rates will be high, so we have mildly reduced the duration of our US TIPS. The shorter duration bonds should benefit from the near-term inflation while avoiding the likely crash from the fiscal stimulus sugar rush.

In Japan, there has been a realisation in policy-making circles that the race to reach the inflation target of 2% is a marathon not a sprint. Monetary policy had been set for the latter and the risk was that the financial sector would hit the wall and be unable to provide the services the economy needed to function. To correct this, the Bank of Japan has widened the bands for ten year yields while at the same time providing forward guidance that policy will remain unchanged until after the consumption tax hike in October 2019. The real yield on the ten year maturity jumped on the announcement. In response, the Bank of Japan has reiterated that it wants to meet its 2% inflation target through the cycle and that it will do so by having negative real yields. We took the increase in yields as an opportunity to moderately increase our holdings.

The European Central Bank has promised to end quantitative easing (QE) and the debate has now turned to when, and at what pace rates might rise. While we don't have any positions in Europe there have been global spillovers from their actions and in this respect, most often cited is the long end of the US nominal yield curve. The end of European QE is making us nervous about the long end of the US curve but we remain happy that our shorter duration US inflation-linked bonds and longer duration Japanese inflation-linked bonds are the correct balance for the portfolio at this point.

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. 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 where Ruffer would currently consider holding more than 35% would be US government issued transferable securities.

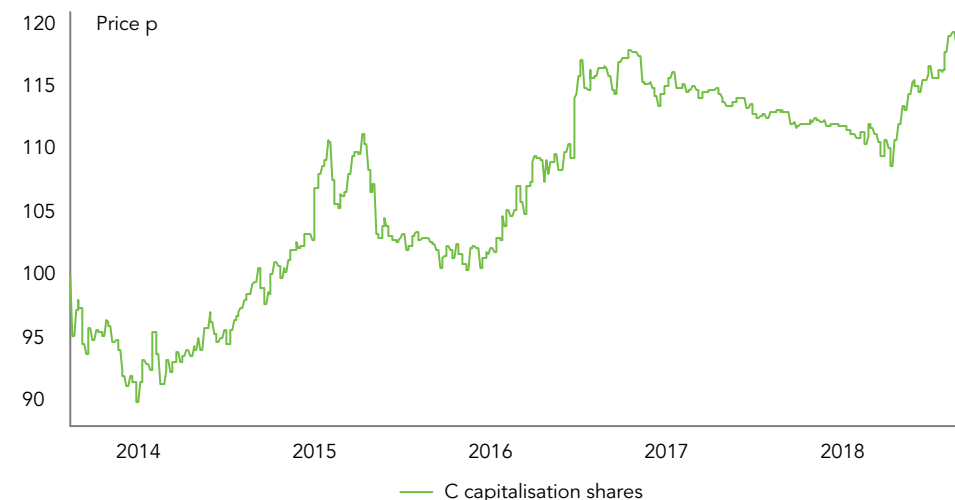


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Investment objective

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 %	September 2018	Year to date	1 year	3 years	5 years
C capitalisation shares	-0.8	4.1	4.3	14.8	22.9

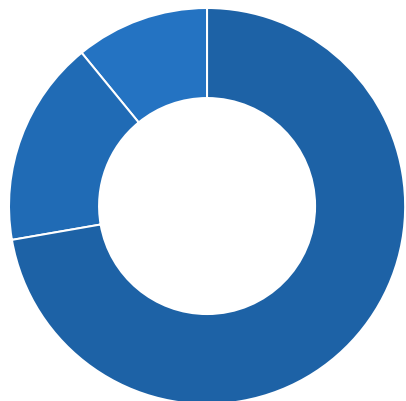
Percentage growth (C GBP cap)	%	Share price as at 28 September 2018	p
30 Sep 2017 – 30 Sep 2018	4.3	C capitalisation	116.70
30 Sep 2016 – 30 Sep 2017	-4.5	C distribution	116.71
30 Sep 2015 – 30 Sep 2016	15.2	Z capitalisation	123.77
30 Sep 2014 – 30 Sep 2015	3.0	Z distribution	120.33
30 Sep 2013 – 30 Sep 2014	3.9		

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 28 Sep 2018

Portfolio structure



Asset allocation	%
US inflation-linked bonds (0-7 years)	72.4
Japan inflation-linked bonds (7-15 years)	16.8
Cash	10.9

5 largest of 10 bond holdings

Stock	% of fund
US TIPS 0.125% 2022	14.4
US TIPS 0.625% 2021/07	13.4
US TIPS 1.250% 2020/07	13.3
US TIPS 1.875% 2019/07	12.6
US TIPS 0.125% 2022/07	9.2

Source: Ruffer LLP. Pie chart totals may not equal 100 due to rounding.

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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 £365.6m

Fund information

Ongoing Charges Figure* %	Cap	Dis	
C class GBP	1.28	1.28	
Z class GBP	0.14	0.14	
%	O class	C class	Z class
Max annual management charge	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 Monday (if not a business day, on the following business day) Plus on the last calendar 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		
Investment manager	Ruffer LLP		
Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent	FundPartner Solutions (Europe) S.A.		
Custodian	Pictet & Cie (Europe) S.A.		
Auditors	Ernst & Young S.A.		

* As at 22 January 2018

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.



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 31 August 2018, assets managed by the Ruffer Group exceeded £22.1bn.

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