

Ruffer Fixed Income

Positive returns from fixed income



September 2020 Issue 56

Over the course of the quarter, the fund's C capitalisation shares rose 5.2% from 123.17p to 129.61p. The US Treasury ten year bond yield fell from 0.66% to 0.62%.

The first half of the quarter saw most of the price action in fixed income markets while the second half contained all of the policy news, which is slowly being digested by markets.

From the start of the quarter into the first week of August, real yield on US TIPS fell steadily while breakeven inflation rose, as did the price of gold and the US dollar fell in value against other developed market currencies. The combination of a US Federal Reserve on hold and the promise of even more fiscal stimulus entranced markets. At the end of July and into the beginning of August we sold half of our 30 year TIPS. At the beginning of August questions over the next round of fiscal stimulus began to appear; the spell was broken and real yields rose, although not dramatically.

At the Jackson Hole conference during the last week of August, Jay Powell, Chair of the Federal Reserve, announced the first conclusions of their review of monetary policy. The Federal Reserve will now target average inflation, will seek to make up for periods where inflation has been below target for some time by letting it run moderately above target and will not pre-emptively raise interest rates just because unemployment is at or below what they think its minimum should be. They followed this up at their September meeting with forward guidance that they won't be raising rates until their objectives have been met. Taken at face value that means that breakeven inflation should be higher and real rates lower.

In the near term, the market seems to be waiting for the Federal Reserve, or Congress via fiscal policy to do something actively to produce inflation. The US presidential election is the most likely cause of inaction but that will be decided during the upcoming quarter.

The US is not acting alone. All around the world central banks and fiscal authorities are committing to do whatever is needed to promote a reflationary environment. We continue to believe that this reflationary environment will be positive for the positions we hold.

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 %	Q3	Year to date	1 year	3 years	5 years
C capitalisation shares	5.2	9.5	12.2	15.8	27.5

Percentage growth (C GBP cap)	%	Share price as at 30 September 2020	p
30 Sep 2019 – 30 Sep 2020	12.2	C capitalisation	129.61
30 Sep 2018 – 30 Sep 2019	-1.0	C distribution	129.62
30 Sep 2017 – 30 Sep 2018	4.3	Z capitalisation	140.64
30 Sep 2016 – 30 Sep 2017	-4.5	Z distribution	135.00
30 Sep 2015 – 30 Sep 2016	15.2		

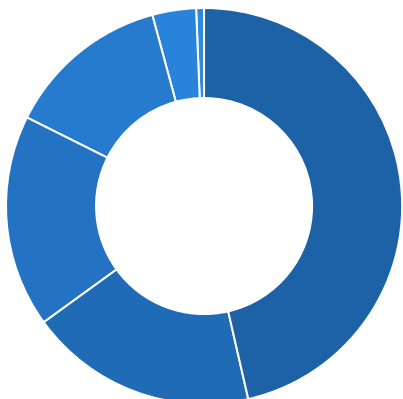
Source: Ruffer LLP

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.

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Ruffer Fixed Income as at 30 Sep 2020

Portfolio structure



Asset allocation	%
• US inflation-linked bonds (7-15 years)	46.4
• Japan inflation-linked bonds (7-15 years)	18.6
• US inflation-linked bonds (15-30 years)	17.4
• US inflation-linked bonds (0-7 years)	13.4
• UK short-dated government bonds	3.5
• Cash and unrealised FX	0.7

5 largest 16 bond holdings

Stock	% of fund
US Treasury 0.125% TIPS 2030	19.7
US Treasury 0.25% TIPS 2029	15.8
Government of Japan 0.2% 2030	11.5
US Treasury 0.875% TIPS 2029	10.9
US Treasury 0.25% TIPS 2050	6.8

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

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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 £708m

Fund information

Ongoing Charges Figure %	Cap	Dis	
C class GBP	1.27	1.27	
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.		

Fund Manager

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 2020, assets managed by the Ruffer Group exceeded £19.9bn.

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