

# Ruffer Fixed Income

## Positive returns from fixed income

Over the course of the quarter, the fund's C capitalisation shares rose 0.3% from 129.61p to 129.94p. The US Treasury ten-year bond yield rose from 0.62% to 0.92%.

During the first quarter of 2020 financial markets became incredibly myopic, the 'dash for cash' causing even the safe haven of the US Treasury market to sell off in the face of bad news. As the year has gone on the liquidity provided by central banks and the economic support from fiscal authorities has allowed markets to look to the medium term and largely ignore short term obstacles.

The last quarter of 2020 saw a number of potential hurdles for markets. Economic activity faltered in the US and Europe due to the impact of a resurgence in coronavirus (and, in Europe, the lockdowns imposed to curb its spread). The conclusion of Brexit and increased US fiscal stimulus negotiations always seemed to be promised but just out of reach until the very end of the quarter. The US presidential election was a closer run affair than many had predicted and US-China relations continued to be fraught. So there was plenty for markets to worry about.

What has allowed markets to look beyond near-term events is the news on covid vaccines. A number have been approved and programs begun, that allows markets to picture a reopened world. Alongside the vaccine news is the observation that many who have not lost their jobs have built up savings and that the fiscal authorities are intent on supporting those who have lost their jobs. Pent-up activity is likely to come at a rush as economic activity returns.

For us that adds up to a reflationary outlook, and the Federal Reserve's new policy framework should let the initial inflationary impulse run as opposed to snuffing it out, as they would have done under previous frameworks. Although inflation data have not yet tested the Federal Reserve's promises the market is starting to respect their credibility: while 10 year nominal rates rose by 30 basis points over the quarter, real yields have fallen. The difference between the two, breakeven inflation, has climbed steadily all quarter and we expect that to continue.

When the first vaccine announcement came in early November rates, both real and nominal, rose strongly. We used that as an opportunity to re-purchase the longer dated TIPS sold in August. Over the next year we should see the reality of the re-opening and inflation data that begins to test whether the Federal Reserve will stick to the promises made in its new framework. Economic and policy developments have strengthened our conviction that inflation linked securities are the best fixed income investments to hold.

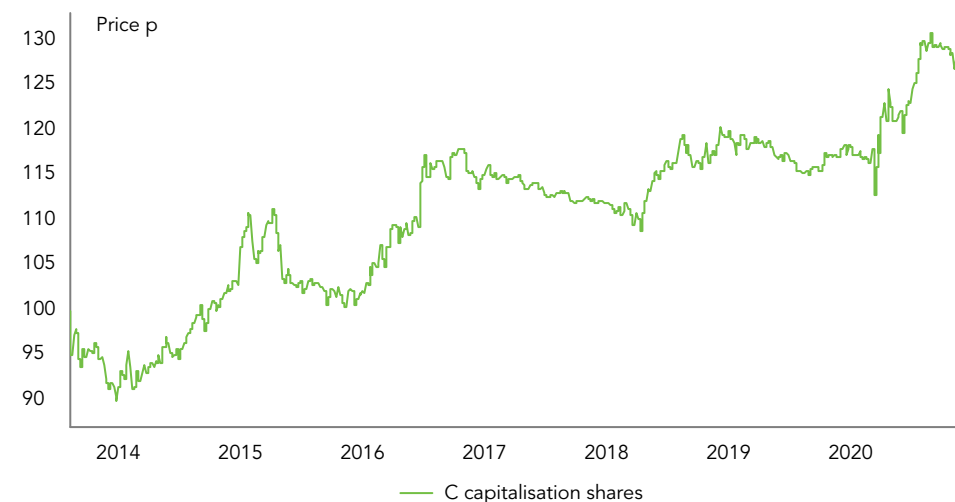
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



## 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



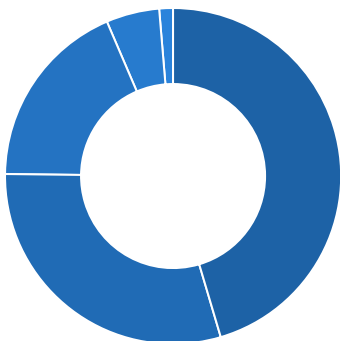
C capitalisation shares	Performance %	Share price as at 31 December 2020	p
Q4	0.3	<b>C capitalisation</b>	<b>129.94</b>
Year to date	9.8	<b>C distribution</b>	<b>129.95</b>
1 year	9.8	<b>Z capitalisation</b>	<b>141.41</b>
3 years	15.9	<b>Z distribution</b>	<b>135.20</b>
5 years	27.6		

12 month performance to December 2020 %	2016	2017	2018	2019	2020
C capitalisation shares	13.0	-2.6	6.5	-0.9	9.8

Source: Ruffer LLP

# Ruffer Fixed Income as at 31 Dec 2020

## Portfolio structure



Asset allocation	%
US inflation-linked bonds (7-15 years)	45.4
US inflation-linked bonds (15-30 years)	29.7
Japan inflation-linked bonds (7-15 years)	18.4
US inflation-linked bonds (0-7 years)	5.0
Cash and unrealised FX	1.4

## 5 largest of 10 bond holdings

Stock	% of fund
US Treasury 0.125% TIPS 2030	19.3
US Treasury 0.25% TIPS 2029	15.5
US Treasury 0.25% TIPS 2050	12.4
Government of Japan 0.2% 2030	11.4
US Treasury 0.875% TIPS 2029	10.6

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 £694.7m

## 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 30 November 2020, assets managed by the Ruffer Group exceeded £20.3bn.

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