

# Ruffer Fixed Income

## Positive returns from fixed income

Over the course of the quarter, the fund's C capitalisation shares rose 0.8% from 125.86p to 126.88p. The US Treasury ten year bond yield fell from 1.74% to 1.47%.

Following their historically large rise in the first quarter of 2021, it might seem natural that this quarter saw US ten year government bond rates fall back. That view must be contrasted against the US economic data, inflation has surprised on the upside: the latest CPI print was 5% year on year. The combination of very low comparators from last year and bottlenecks from reopening are the predominant explanations. Both effects are described as 'transitory', while the former will naturally dissipate naturally, the bottlenecks may be with us for some time as the reopening is coming in fits and starts.

Uncertainties over the extent and duration of increases in inflation mean fixed income markets are susceptible to shifts in positioning. The end of the first quarter of 2021 saw unexpected selling of US treasuries by foreign accounts exacerbating the rise in rates. In the second quarter, we have seen buyers return in the form of foreigners and US domestics, helping push rates lower again. The ebbs and flows of positioning are themselves affecting market narratives around the economic and policy outlook.

The breakeven inflation curve is pricing that the current inflation numbers are indeed transitory, peaking soon and then falling back towards the US Federal Reserve's inflation target. This pricing has been in place since early in the quarter. At its June meeting, the Federal Reserve has been seen as justifying market pricing by suggesting they would react to stronger data and not let inflation get out of hand. Many think they are still not doing enough to counteract current inflation, but they seemed to do enough to give the market confidence. US ten year breakeven rates were already falling during the quarter; the Federal Reserve gave them a further push lower.

The US reopening, and the experience with inflation, will play out around the world and we can expect similar questions to be asked by bond markets in different geographies.

We sold our remaining long-dated TIPS early in the quarter, as the overall backdrop appeared to us to be shifting. This move was not a reflection of our long-term view on a more inflationary world, but more the relative short-term merits of different markets and asset classes.

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



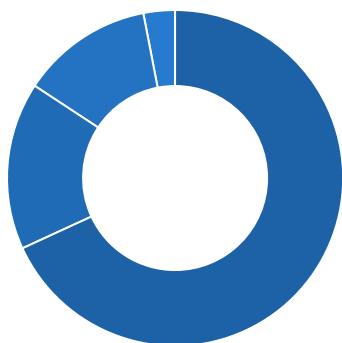
C capitalisation shares	Performance %	Share price as at 30 June 2021	p
Q2	0.8	<b>C capitalisation</b>	<b>126.88</b>
Year to date	-2.3	<b>C distribution</b>	<b>126.90</b>
1 year	3.0	<b>Z capitalisation</b>	<b>138.88</b>
3 years	9.2	<b>Z distribution</b>	<b>132.79</b>
5 years	10.8		

12 month performance to June %	2017	2018	2019	2020	2021
C capitalisation shares	-1.3	2.8	1.2	4.7	3.0

Source: Ruffer LLP

# Ruffer Fixed Income as at 30 Jun 2021

## Portfolio structure



Asset allocation	%
UK short-dated government bonds	68.0
US inflation-linked bonds (0-7 years)	16.2
Japan inflation-linked bonds (7-15 years)	12.7
Cash and unrealised FX	3.0

## 5 largest 9 bond holdings

Stock	% of fund
UK Treasury 0.125% 2023	17.7
UK Treasury 1.75% 2022	17.6
US Treasury 0.625% 2023	16.2
Japan government bonds 0.005% 2031	11.1
UK Treasury 0.5% 2022	9.1

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 £507.8m

## Fund information

Ongoing Charges Figure %	Cap	Dis	
C class GBP	1.27	1.27	
Z class GBP	0.12	0.12	
%	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 May 2021, assets managed by the Ruffer Group exceeded £22.9bn.

## Enquiries

Ruffer LLP +44 (0)20 7963 8254  
80 Victoria Street rif@ruffer.co.uk  
London  
SW1E 5JL [www.ruffer.co.uk](http://www.ruffer.co.uk)

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