

# Ruffer Fixed Income

## Positive returns from fixed income

Over the course of the quarter, the fund's C capitalisation shares rose 0.4% from 126.88p to 127.45 p. The US Treasury ten year bond yield rose from 1.47% to 1.49%.

Following a small decline through July, rates rose over the subsequent two months of the quarter. Fundamentals pushed yields higher, as the latest covid-19 wave began to abate, service sectors continued to reopen, and growth accelerated strongly in Europe. This led to a minor hawkish tilt at the US Federal Reserve, as Chairman Powell dropped any mention of the word 'transitory' at the September Federal Open Market Committee (FOMC) press conference, and later suggested current inflationary pressures and supply bottlenecks are lasting longer than had previously been foreseen. In addition, the Fed's most recent Summary of Economic Projections indicated members of the FOMC view risks to their inflation forecasts as being skewed to the upside. The increase in yields has been greatest in the belly of the curve, as markets have started to price that higher interest rates will be required to cool inflation in the short and medium-term. Back end rates have moved by less, as the long run disinflationary forces keeping the neutral rate low remain in place.

Despite significant volatility in macroeconomic data and Consumer Price Index rates printing at their highest levels in over a decade, breakevens have been remarkably stable over the past quarter. The curve is pricing in a near-term period of elevated inflation, followed by a reversion back to target. The risk to markets is elevated inflation persists for longer than expected. This may be negative for Treasury Inflation-Protected Securities (TIPS), as it is likely to be accompanied by a substantially more hawkish Fed, pushing nominal yields up, with little room for breakevens expansion to cushion the loss. If the Fed does lose confidence in its 'transitory' narrative, it may find itself in a difficult position with the two objectives in tension: the labour market continuing to call for rates to be held at the zero lower bound, but inflation in excess of that consistent with an average inflation targeting framework.

Therefore, given the future path for rates looks skewed to the upside, the fund currently has relatively low duration exposure. The majority of interest rate risk sits in the Japanese Government inflation-linked Bonds (JGBi) holdings as, despite global inflationary pressures, Japanese inflation remains stubbornly below target. We would expect Japanese inflation expectations will need to reset significantly higher, causing breakevens to rise, before we see a meaningful increase in nominal yields, giving JGBi's a period to perform.

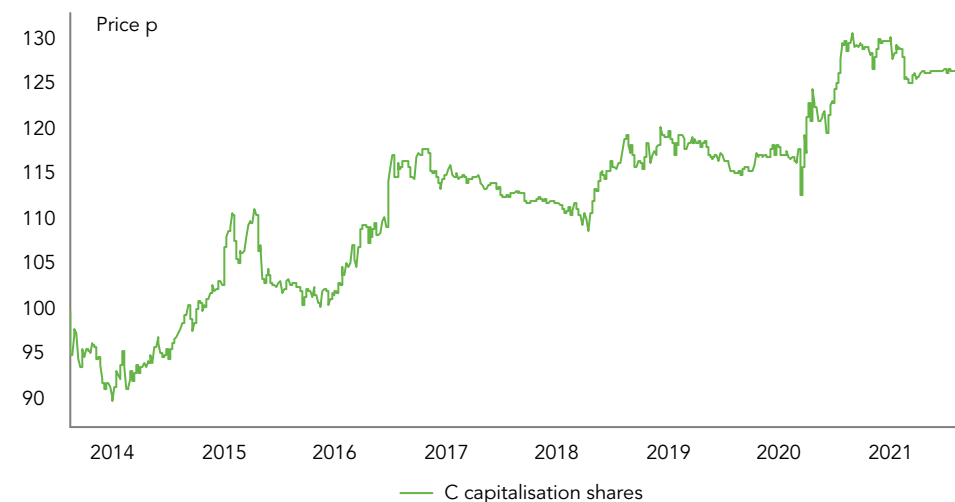
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



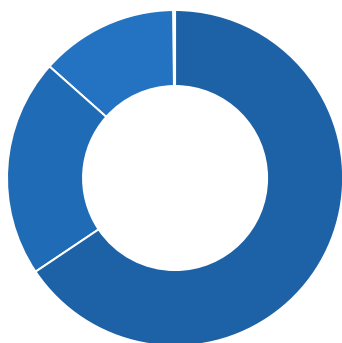
C capitalisation shares	Performance %	Share price as at 30 September 2021	p
Q3	0.4	<b>C capitalisation</b>	<b>127.45</b>
Year to date	-1.9	<b>C distribution</b>	<b>127.47</b>
1 year	-1.7	<b>Z capitalisation</b>	<b>139.91</b>
3 years	9.2	<b>Z distribution</b>	<b>133.77</b>
5 years	8.8		

12 month performance to September %	2017	2018	2019	2020	2021
C capitalisation shares	-4.5	4.3	-1.0	12.2	-1.7

Source: Ruffer LLP

# Ruffer Fixed Income as at 30 Sep 2021

## Portfolio structure



Asset allocation	%
• UK short-dated government bonds	65.6
• UK Short-dated Government bonds	21.0
• Japan inflation-linked bonds (7-15 years)	13.2
• cash and unrealised FX	0.2

## 5 largest 9 bond holdings

Stock	% of fund
UK Treasury 0.125% 2023	17.8
UK Treasury 1.75% 2022	17.7
UK Treasury 1.875% 2022	12.0
Japan government bonds 0.005% 2031	11.4
UK Treasury 0.5% 2022	11.1

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 **£502.5m**

## 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 August 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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