

Ruffer Fixed Income

Positive returns from fixed income

Over the course of the quarter, the fund's C capitalisation shares fell by 0.6% from 127.45p to 126.68p. The US Treasury ten-year bond yield rose from 1.49% to 1.51%.

Whilst bond yields remained relatively contained through the final quarter of 2021, there were notable shifts in the economic assessment and policy outlook of the major central banks. The Fed has dropped any reference to inflation being 'transitory', as growth in price aggregates has failed to wane and slow-moving core components of inflation baskets, such as rents, are now growing above target. In addition, the strength of the labour market is beginning to translate into wage growth; the most recent Employment Cost Index release showed labour costs rising at the quickest rate since before the 2008 financial crisis. The Fed also appears to be willing to look through any temporary economic disruption from the Omicron variant. They have therefore started to reduce policy support, through accelerating the pace of tapering in December, and bringing forward projected rate hikes. The latest Summary of Economic Projections ('SEP') indicated that the median FOMC member now expects the Federal Funds Rate to rise by 75bps in 2022. But markets are failing to fully price this new forecast rate path, and with inflation forecast risk still skewed to the upside, helped by negative real rates, there looks to be significant room for interest rates to move up over the coming months.

Whilst most attention is focused on the US, in December the BoE became the first G7 central bank to hike rates this cycle, due to concerns around rising underlying UK inflationary pressures and a tight labour market. The ECB remains the laggard, as they still perceive the current bout of inflation to be transitory and forecast that the Eurozone will return to its pre-Covid 'low-flation' state by 2023. Thus, policy is expected to remain close to the lower bound through the forecast horizon. Their bond buying programmes have been an anchor on global rates, so any shift in the narrative from the ECB could also add impetus to a rise in yields elsewhere.

Despite the near-term economic risks surrounding the Omicron variant, the future path for bond yields appears skewed to the upside. Hence, the fund's positioning is focused in low-duration TIPS and index-linked gilts to reduce risk exposure to higher interest rates, but to benefit from current elevated inflation prints through the inflation accrual embedded in these instruments.

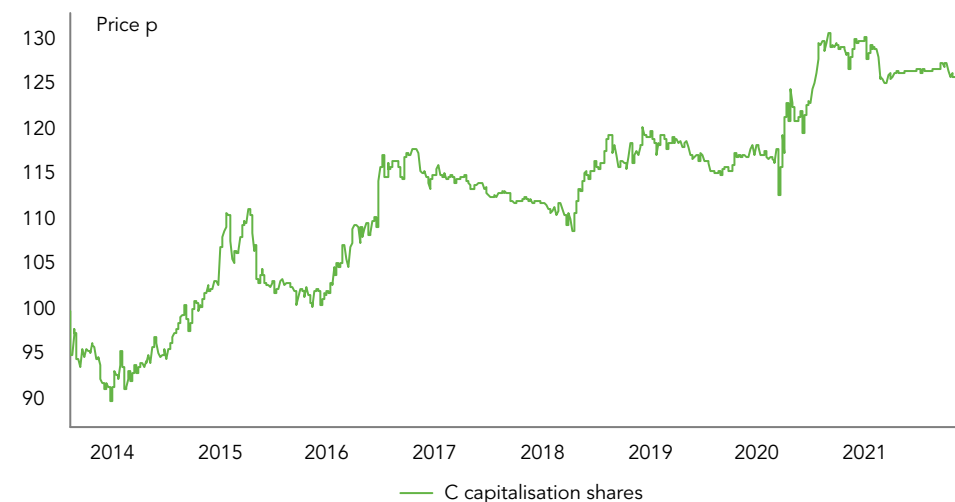
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally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



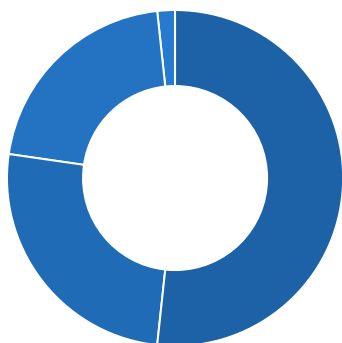
C capitalisation shares	Performance %	Share price as at 31 December 2021	p
Q4	-0.6	C capitalisation	126.68
Year to date	-2.5	C distribution	126.70
1 year	-2.5	Z capitalisation	139.47
3 years	6.1	Z distribution	132.84
5 years	10.1		

12 month performance to December %	2017	2018	2019	2020	2021
C capitalisation shares	-2.6	6.5	-0.9	9.8	-2.5

Source: Ruffer LLP

Ruffer Fixed Income as at 31 Dec 2021

Portfolio structure



Asset allocation	%
US inflation-linked bonds (0-7 years)	51.7
Japan inflation-linked bonds (7-15 years)	25.5
UK index-linked gilts	21.1
cash and unrealised FX	1.7

5 largest of 9 bond holdings

Stock	% of fund
UK Treasury Index-linked 2.5% 2024	21.1
US Treasury TIPS 0.375% 2023	15.1
Japan Index-linked 0.005% 2031	11.8
US Treasury TIPS 0.625% 2023	9.7
US Treasury TIPS 0.125% 2023	9.7

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

The views expressed in this report are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice.

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.

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 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.

Fund size £476.7m

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 30 November 2021, assets managed by the Ruffer Group exceeded £23.7bn.

Enquiries

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

This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the Financial Conduct Authority. © Ruffer LLP 2022