

Ruffer Fixed Income

Positive returns from fixed income

Over the course of the quarter, the fund's C capitalisation shares fell 0.2% from 128.80p to 128.50p. The US Treasury ten-year bond yield rose from 2.34% to 3.00%.

Another very bad quarter for bonds at the headline level. There were many stories across the quarter, inflation failed to peak, growth started to wobble and policy makers have stiffened their resolve to fight inflation.

Starting with the exception, in Japan, with inflation numbers only just touching the 2% target level, the Bank of Japan has been sticking steadfastly to its Yield Curve Control (YCC) policy. Markets sense that the peg might come under pressure as inflation rises and have been selling lots of JGBs to the Bank of Japan. Swap rates (which are not capped) have stretched their link to government bond rates. In the short term our inflation linked Japanese exposure is benefiting, if the Bank of Japan moves its YCC policy then they could suffer.

Elsewhere, from a central bank perspective this quarter's story has been about incremental hawkishness. Ex-Japan there is a unified story about the need to fight inflation. From the US we saw the Fed move swiftly through the gears in terms of the size of rate hikes. A quick shift to 75bp happened at the last meeting and now the hint is very much that a recession may be an acceptable trade off for getting inflation under control. In Europe the ECB has been similarly hawkish, stressing that it has the tools to deal with fragmentation risk. The presence of these tools will allow it to overall move faster on rates and get to a restrictive stance. The Bank of England, which moved first but has been promising to be incremental, seems set to increase the size of hikes.

The persistence of inflation combined with central bank determination has led bond markets to be very sensitive to signs of recession. Late in June we began to get signs that some data might be slowing. This data evolution has led markets to go from pricing a continuation of hikes to pricing cuts in 2023. A big shift. We are wary of buying duration as we see signs that the central bank tightening of liquidity could lead to much higher rates. For the moment we are happy having exposure in short-dated inflation linked bonds as the inflation accrual remains very strong.

Our Australian government bonds have been volatile, with the currency exposure we remain happy with the exposure over the medium to long run.

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. Future performance is subject to taxation which depends on each investor's personal situation, and may be subject to change in the future.



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

Past performance does not predict future returns



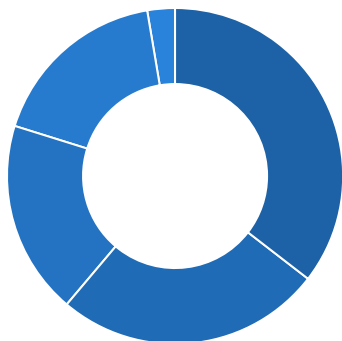
C capitalisation shares	Performance %	Share price as at 30 June 2022	p
Q2	-0.2	C capitalisation	128.50
Year to date	1.4	C distribution	128.51
1 year	1.3	Z capitalisation	142.29
3 years	9.3	Z distribution	135.53
5 years	13.7		
Since inception to 31 August 21	--		

12 month performance to June %	2018	2019	2020	2021	2022
C capitalisation shares	2.8	1.2	4.7	3.0	1.3

Source: Ruffer LLP

Ruffer Fixed Income as at 30 Jun 2022

Portfolio structure



Asset allocation	%
• Australia government bonds	35.5
• Japan inflation-linked bonds (7-15 years)	25.6
• UK index-linked gilts	18.7
• US inflation-linked bonds (0-7 years)	17.5
• cash and unrealised FX	2.7

5 largest 9 bond holdings

Stock	% of fund
Australian Govt Bonds 5.5% 2023	13.2
Japan Index-linked 0.005% 2031	11.9
US TIPS 0.125% 2022/01	11.5
Australian Govt Bonds 0.25% 2024	8.2
Australian Govt Bonds 2.75% 2024	8.0

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

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 £323.1m

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 2022, assets managed by the Ruffer Group exceeded £26.6bn.

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