

Ruffer Fixed Income

Positive returns from fixed income

Despite signs of continuing disinflation through the quarter, this was another difficult period for bond investors. Interest rates increased meaningfully across the curve once again, as participants further abandoned their expectations for a near-term recession. This has had two effects on bond markets. Firstly, it has led to interest rate cuts being priced out of the front end of the curve, as it appears that the Fed will be able to hold rates at higher levels for longer. Secondly, as the economy has so far impressively withstood the impact of higher bond yields, markets have begun to reassess the correct level for the neutral rate. This has resulted in some bear steepening of the treasury curve. Aside from economic fundamentals, technical factors such as a significant increase in forecasted coupon issuance may also have played some role.

We did sell a portion of our US 30 year TIPS holding early in the quarter on fears that real rates could continue to rise, but our remaining position was still a negative contributor to the fund's performance.

The other source of upward pressure on global interest rates during the period came from Japan. The Bank of Japan remains the only major central bank yet to raise their overnight rate in response to inflation. However, they did make one change to policy, widening the tolerance bands for their yield curve control (YCC) programme by 50bps at the July meeting. After an initial 15bps jump, ten year Japanese interest rates gradually drifted higher in the ensuing weeks, although finished the quarter still well below the upper bound. The BoJ's YCC policy has been an anchor on global rates, so the partial relaxation of the tolerance bands may have been another force driving global bond yields higher through August and September.

During the latter part of the quarter, we exited from our Australian bond position, as we looked to reduce our exposure to cyclical currencies, and Ruffer portfolios have alternative expressions of this theme through other assets. We added to short-dated Japanese government bonds, as we remain positive on the outlook for the currency. The yen should work in a positive global growth scenario, where the BoJ is forced to significantly shift policy, or in a recessionary environment, where non-JPY interest rates fall, closing the rate differential. Finally, we initiated a position in US ten year TIPS, as we continue to believe that the US economy cannot handle this level of real rates, and a recession is more likely than the market is currently pricing.



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 29 September 2023	p
Q3	-2.6	C capitalisation	1.1751
Year to date	-8.8	C distribution	1.1563
1 year	-8.7	Z capitalisation	1.3203
3 years	-9.3	Z distribution	1.2347
5 years	0.7		
10 years	23.7		
Since inception to 30 Sep 2023	17.6		

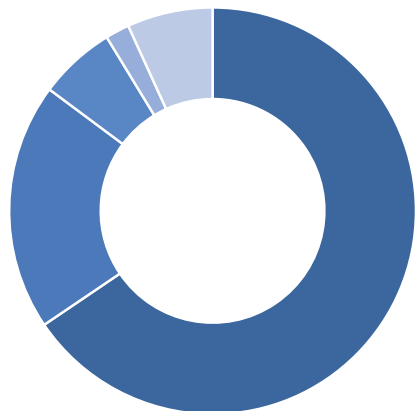
12 month performance to September %	2019	2020	2021	2022	2023
C capitalisation shares	-1.0	12.2	-1.7	1.0	-8.7

Source: Ruffer LLP

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.

Ruffer Fixed Income as at 29 Sep 2023

Portfolio structure



Asset allocation	%
● Japan short-dated government bonds	65.5
● US inflation-linked bonds (15-30 years)	19.7
● US inflation-linked bonds (7-15 years)	6.1
● Australia government bonds	1.9
● Cash and unrealised FX	6.8

5 largest 14 bond holdings

Stock	% of fund
Japan government 0.005% Nov 2024	17.8
Japan government 0.005% May 2024	11.1
US Treasury 0.125% 2051	10.0
Japan government 0.005% Jun 2024	9.7
Japan government 0.005% Jul 2024	9.0

Source: Ruffer LLP. 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 Information Documents and the latest report and accounts. 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.

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Fund size £346.3m

Fund information

Ongoing Charges Figure %	Cap	Dis	
C class GBP	1.28	1.28	
Z class GBP	0.13	0.13	
%	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 Managers

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.



Alexander Jones

RESEARCH ANALYST

Joined Ruffer's macro research team as a graduate in 2017. He holds an MSc from UCL and a first class degree from Durham University, both in economics.

Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2023, assets managed by the Ruffer Group exceeded £24.2bn.

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