

Global fixed income Sector summary May 2013

SECTOR SOUNDBITES

- Managers found opportunities in government intervention.
- Rates in most countries can only go one way, but when?
- A rising tide lifts all boats – all key fixed interest asset classes rose in 2012.
- A better year for global convertible managers in a strong year for the asset class.

Anthony Karaminas
Sector head
Global fixed income

KEY FACTS

Sector name:	Global fixed income					
Peer groups:	<i>Global bonds in EUR hedged</i>		<i>Global bonds in USD hedged</i>		<i>Global corporate bonds in EUR</i>	
	<i>Global bonds in EUR unhedged</i>		<i>Global bonds in USD unhedged</i>		<i>Global corporate bonds in USD</i>	
	<i>Global bonds in GBP hedged</i>		<i>Global convertibles in EUR</i>		<i>Global inflation-linked in EUR</i>	
	<i>Global bonds in GBP unhedged</i>		<i>Global convertibles in USD</i>			
Review period:	1 January 2012 to 31 December 2012					
Number of graded funds:	41					
Dispersion of gradings:	Platinum	0	Gold	26	Silver	14
	Bronze	1	On Hold	0	Grading Removed	0
Peer group	Index	Median fund performance (%)		Index performance (%)		
		Year to	Review period*	Year to	Review period*	
		31 April 2013		31 April 2013		
Global bonds in EUR hedged	Barclays Global Aggregate TR EURH	1.48	7.87	1.61	5.54	
Global bonds in EUR unhedged	Barclays Global Aggregate EUR TR	0.50	4.90	-0.80	2.65	
Global bonds in GBP hedged	Barclays Global Aggregate TR GBPH	2.39	6.67	1.72	5.93	
Global bonds in GBP unhedged	Barclays Global Aggregate Bond TR	2.70	0.98	3.67	-0.26	
Global bonds in USD hedged	Barclays Global Aggregate USD TR USDH	1.52	9.31	1.68	5.72	
Global bonds in USD unhedged	Barclays Global Aggregate USD TR USD	0.44	7.39	0.92	4.64	
Global convertibles in EUR	UBS Global Convertible Bond EUR	5.07	9.66	5.92	11.70	
Global convertibles in USD	UBS Global Convertible Bond USD	5.56	12.42	5.83	13.33	
Global corporate bonds in EUR	Barclays Global Aggregate Corp TR EURH	2.07	11.78	1.95	10.67	
Global corporate bonds in USD	Barclays Global Aggregate Corp TR USDH	1.81	11.46	2.01	10.92	
Global inflation-linked in EUR	Barclays World Govt Inflation Link EUR TR	2.01	6.42	1.43	6.95	

* Review period = 1 January 2012 - 31 December 2012

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GRADINGS CHANGES

Sector fund/name	Previous grading	Issued on	Current grading	Issued on
Downgrade				
Franklin Templeton IF - Templeton Global Bond Fund	Platinum/V5	February 2012	Gold/V5	March 2013
Newly covered				
BlueBay Funds - BlueBay Global Investment Grade Corporate Bond Fund	NC	–	Gold/V3	January 2013
Hermes Global Investment Grade Fund	NC	–	Silver/V3	November 2012
LO Funds - Convertible Bond	NC	–	Silver/V5	May 2013
LO Funds II - Convertible Bond	NC	–	Silver/V5	May 2013
Revised gradings				
GLG Global Corporate Bond Fund	Grading On Hold	April 2012	Bronze	October 2012
An S&P Capital IQ fund grading is valid for 12 months from the date it is made public.				NC = not covered

GRADINGS SUMMARY

Global bonds in EUR hedged		Invesco Bond Fund	Silver/V4
BL Global Bond	Silver/V2	◆ Legg Mason Global Funds plc - Legg Mason Brandywine Global Fixed Income Fund	Gold/V4
◆ Franklin Templeton Investment Funds - Templeton Global Bond EURO Fund	Gold/V4	◆ Legg Mason Global Funds plc - Legg Mason Western Asset Global Multi Strategy Fund	Silver/V4
◆◆ Robeco Lux-O-Rente	Gold/V3	MFS Meridian Funds - Global Bond Fund	Silver/V3
Global bonds in EUR unhedged		T. Rowe Price Funds Sicav - Global Aggregate Bond Fund	Gold/V4
HansalInternational Fund	Silver/V4	Global convertibles in EUR	
◆ KBC Bonds High Interest	Gold/V5	AXA WF Framlington Global Convertibles	Silver/V5
Pioneer Funds - Global Aggregate Bond	Gold/V4	F&C Global Convertible Bond	Gold/V5
Raiffeisen-Global-Fundamental-Rent	Silver/V4	LO Funds - Convertible Bond	Silver/V5
◆◆ Raiffeisen-Global-Rent Fonds	Gold/V4	LO Funds II - Convertible Bond	Silver/V5
Global bonds in GBP hedged		Global convertibles in USD	
BNY Mellon Investment Funds - BNY Mellon Global Strategic Bond Fund	Gold/V4	◆ Aviva Investors - Global Convertibles Fund	Gold/V5
BNY Mellon Investment Funds - Newton Global Dynamic Bond Fund	Gold/V3	BlueBay Global Convertible Bond Fund	Gold/V4
Jupiter Strategic Bond Fund	Gold/V5	M&G Investment Funds - Global Convertibles Fund	Gold/V5
◆ Legg Mason Funds ICVC - Legg Mason Global Multi Strategy Bond Fund	Silver/V4	Schroder ISF - Global Convertible Bond	Gold/V5
Global bonds in GBP unhedged		Global corporate bonds in EUR	
BNY Mellon Investment Funds - Newton International Bond Fund	Gold/V4	CapitalatWork - Corporate Bonds at Work	Gold/V4
Franklin Templeton Funds - Templeton Global Total Return Bond Fund	Gold/V5	Hermes Global Investment Grade Fund	Silver/V3
GLG Global Corporate Bond Fund	Bronze	Global corporate bonds in USD	
◆ Invesco Perpetual Fixed Interest Investment Series - Global Bond Fund	Silver/V4	BlueBay Funds - BlueBay Global Investment Grade Corporate Bond Fund	Gold/V3
Global bonds in USD hedged		Invesco Global Investment Grade Corporate Bond Fund	Silver/V4
AllianceBernstein - Global Plus Fixed Income Portfolio	Gold/V4	Schroder International Selection Fund - Global Corporate Bond	Gold/V3
BNY Mellon Global Funds - BNY Mellon Global Dynamic Bond Fund	Gold/V3	Global inflation-linked in EUR	
Global bonds in USD unhedged		AXA WF Global Inflation Bonds	Silver/V4
BNY Mellon Global Funds - BNY Mellon Global Bond Fund	Gold/V4	Danske Invest Global Inflation Linked Fund	Gold/V3
◆◆ Franklin Templeton Investment Funds - Templeton Global Bond Fund	Gold/V5		
◆ Franklin Templeton Investment Funds - Templeton Global Total Return Fund	Gold/V5	◆ Fund with a 5-year Long-term Grading designation - ie, the fund has achieved a Silver grading or above for 5 consecutive years	
		◆◆ Fund with a 10-year Long-term Grading designation - ie, the fund has achieved a Silver grading or above for 10 consecutive years	

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