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**Moneyspider.com**

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**Global bond yields continue to boost investors' income in low interest rate climate... but Moneyspider.com warns some are MUCH better than others**

**GLOBAL bonds continue to dominate the best investor returns, according to the latest research by MONEYSPIDER.COM**

As the table (below) showing the current top ten investment performers reveals, the top ten income paying funds are drawn exclusively from the Investment Management Association's (IMA) Global Bond sector.

## Top Income Funds by 12 month performance

Fund Name	Fund Manager	Sector Name	Fund Size	1 Year	3 Years	5 Years	Moneyspider Rating	Return on £7,000 investment over 1 year
SWIP Global Bond Plus A	Scottish Wid Inv Partnership	Global Bonds	27792618	58.5081	43.0069		A*	£11,095.57
M&G Intl Sovereign Bond AGBP	M&G UK	Global Bonds	36600000	46.8385	53.1438	61.4607	A	£10,278.70
Henderson Overseas Bond X	Henderson Global Investors	Global Bonds	209610000	38.1498	40.4005	45.7852	A	£9,670.49
Scot Wid International Bond A	Scottish Wid UT Mgr Limited	Global Bonds	501514322	32.9102	38.4869	49.2517	A	£9,303.71
Newton International Bond SIS GBP	Newton BNY Mellon Asset Mgmt	Global Bonds	625740000	32.1134	37.7092	53.1307	A	£9,247.94
BlackRock Global Bond	BlackRock	Global Bonds	196858114	31.5004	33.8209	40.2663	A	£9,205.03
F&C Global Bond 1	F&C Fund Management	Global Bonds	44730000	28.4584	33.0972	42.0717	A	£8,992.09
M&G Global Macro Bond XGBP	M&G UK	Global Bonds	35000000	24.6754	35.5273	47.4089	A	£8,727.28
Baring Global Bond	Baring Asset Management	Global Bonds	210559940	24.5851	26.2736	35.9331	A	£8,720.96
M&G Emerging Markets Bond AGBP	M&G UK	Global Bonds	6100000	23.7029	31.0976	55.2888	A	£8,659.20

Source: Moneyspider.com/Financial Express 15.01.2009

\*If a fund is less than 5 years old, the rating will be provisional and marked with an asterisk.

As the figures show, Scottish Widows' Global Bond Plus is top of the tree, with an original £7k investment having increased by 58 per cent over the past 12 months (to 15/01/09) to £11,095, while M&G's International Sovereign Bond fund has also enjoyed a sharp rise in the past 12 months, growing by over 46% and seeing an original £7k investment five years ago now valued at £10,278.

But investors are warned by **Moneyspider.com** to do their homework before deciding on which bond fund to invest in.

"M&G's emerging markets bond fund also makes our top ten, but returns on this fund – at £8,659 on an original £7k investment over 12 months - are considerably lower than the investment manager's top performer – although they are of course hailing from the same sector," said **Moneyspider.com**'s Tony Ahearne.

So why are these Global Bond sector funds doing so well?

"Credit markets are currently offering investors an attractive investment opportunity with spreads over government bonds at unprecedented levels following the nosedive of equity-based funds," said Ahearne.

“Investment grade spreads are at their widest since the 1930s and twice the level of the dot.com collapse of 2002, and high yield spreads are significantly greater, so all in all it is an excellent time to get into these funds.

“Many funds are now positioning themselves for Asian currencies to appreciate against the euro, the pound and the dollar, as Asian growth is likely to outperform developed market growth,” he added.

“The best fund managers are also now taking advantage of investment grade and sub investment grade credit. Spreads in emerging markets are wider than they were in the 1998 crisis but countries are not facing the same risk.

“It is beginning to look like we are coming through the worst of the financial crisis but are at the beginning phases of the economic slowdown.

“While volatility will continue for the next couple of quarters, this is something global bond managers will be able to capitalise on as they will be able to access distressed assets, for example. There are likely to be some exceptional bargains out there which bodes well in our view for continued out-performance in this currently top dog sector,” said Ahearne.

With UK interest rates at 314 year low, the big story for investors in today’s hard pressed climate, he continued, is how to maintain a realistic level of income.

“Income, income and more income – that is certainly the Holy Grail for older investors in today’s climate which means that most deposit accounts now produce negative after tax returns when taking inflation into account.

“As returns from ordinary savings products are slashed to next to nothing, our view is that 2009 will see a major drift towards lower risk bonds funds; anywhere that money is actually making money has to be attractive,” he added.

“Investors will be able to draw their own conclusions, but it is apparent that comparing the top performing funds in their sector with the lowest rated shows the vital necessity for regular performance reviews.”

**Moneyspider.com** has no registration fee and the service not only rates the performance of each of the client's own funds but also shows a comparison with the top five funds in the same sectors. It also shows the top-performing funds from all sectors, so **Moneyspider.com** investors can see where the real profits have been.

"Keeping a close eye on your fund's performance is crucial in these uncertain times - in rapidly changing market conditions, as we are currently experiencing, knowing how a specific fund in which you are invested is performing and – equally important – how other funds compare, is simply good financial common sense," said Ahearne.

Further details on the mechanics of **Moneyspider.com** can be found at [www.moneyspider.com](http://www.moneyspider.com)

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**Editor's notes**

**Moneyspider.com** was launched in April 2004 and is an independent investment research and information company for private investors. **Moneyspider.com** constantly monitors all 2,000 or so funds available to UK investors and provides online personal reports that are updated on a daily basis showing current valuation and performance of all funds in one place.

The **Moneyspider** service is provided to those investors who have or are thinking about purchasing Unit Trusts or OEICs (Open Ended Investment Companies) including stocks and shares ISAs. **Moneyspider** doesn't move or change the investments in any way; they remain as they are - with the same Fund Managers.

The **Moneyspider Rating®** provides a unique assessment of the performance of each fund measured against four key parameters:

- **Sector ranking:** a comparison with all other funds in the same sector as your fund (based on the sector definitions used by the Investment Management Association).
- **All funds ranking:** a comparison with all other 2000 or so Unit Trusts and Open Ended Investment Company funds available to UK investors.
- **FTSE 100:** a comparison of the total return of the fund with the total return of the FTSE 100 index (comprising the UK's 100 largest companies), providing a consistent benchmark for each fund.
- **Cash:** a comparison of the fund's performance with the return from an equivalent amount deposited in a 90 day non-high interest access account.

**Moneyspider.com's unique computer system calculates the results, with specific weightings allocated to each of the four categories, with each one analysed and compared over 1, 3 and 5 years. Although the rating is generated from a highly complex, computer-based performance analysis, involving 34 separate computations, it produces a simple and straightforward result; scoring each of your funds from A (a very high rating) to E (a distinctly poor rating).**

**Behind these easy-to-understand ratings is a percentage score, which is calculated to four decimal points. Each day Moneyspider.com's system calculates this percentage score for every single one of the 2000 or so funds on our database, thus providing a comprehensive ranking for all funds. The 'Rank in Sector' for each fund on the Moneyspider Report, is based on the ranking of these percentage scores.**

**Through Moneyspider, investors can not only monitor their investments but they can also buy and switch funds, with 50% of all commission charges being rebated to the customer.**

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