

# RIC Global Bond Fund

## Performance Review

	Three Months %	Year to Date %	One Year % <sup>1</sup>	Three Years %	Five Years %	Ten Years %	Fifteen Years %	Since Inception% <sup>2</sup>
RIC Global Bond Fund (\$ Gross of Fees)	0.3	5.1	3.6	10.4	7.6	7.4	6.0	6.5
RIC Global Bond Fund (\$ Net of Class A Fees)	0.1	4.5	2.8	9.5	6.8	6.6	5.2	5.7
Global Bond Fund Benchmark (\$) <sup>3</sup>	1.0	5.4	4.0	7.8	6.8	6.9	5.7	6.2
Morningstar Median Manager (\$) <sup>4</sup>	-5.5	1.1	-0.5	6.7	5.6	7.0	5.2	5.7
Quartile Ranking	1	1	1	1	2	3	2	2
Fund Size \$ 1,504m								

<sup>1</sup> Returns greater than one year are annualised.

<sup>2</sup> Inception date 30/09/1994

<sup>3</sup> Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax.

<sup>4</sup> Morningstar Offshore & International Fixed Income Global USD Based Universe

## Market Performance

### Overview

The Barclays Capital Global Aggregate Bond Index gained +1.0% on an unhedged basis and gained 3.0% on a USD hedged basis, during the penultimate quarter of 2011.

Corporate bonds underperformed as concerns about European debt and global economic growth drove investors to the safety of government bonds.

The economic weakness seen at the tail end of the second quarter continued and accelerated through the third quarter. Risk aversion grew as economic data worsened in the US and other parts of the Western world. Meanwhile, the eurozone debt crisis threatened to spiral out of control as politicians seemed unable to find a satisfactory resolution to Greece's situation. The impact on corporate bond markets was stark – spreads over government bonds moved higher and new issues dried up. High yield bonds were worse affected than investment grade issues in this environment.

For similar reasons, global credit markets lagged government bonds as investors sold off credit for the safe haven of Treasuries, gilts, bunds and Japanese government bonds. While economic data was weak, investors became hopeful of further monetary stimulus measures, notably in the US and the UK – this hope kept downward pressure on government bond yields.

## Fund Performance

### Performance History(1)



(1) Performance is quoted gross of management fees.

### Key Drivers

The Fund finished behind the benchmark over the quarter, but remains well ahead over longer time-periods such as three years where it has gained 2.6% p.a.

Sector positioning, driven by Loomis, was the major laggard on performance, with out-of-index positions in high yield and emerging market debt detracting the most from returns.

Meanwhile, an underweight to government debt also proved detrimental as increased risk aversion bolstered the government bond market.

In contrast, country positioning was positive, driven by Colchester and PIMCO, notably a duration overweight to Ireland and Germany.

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 Manager Review

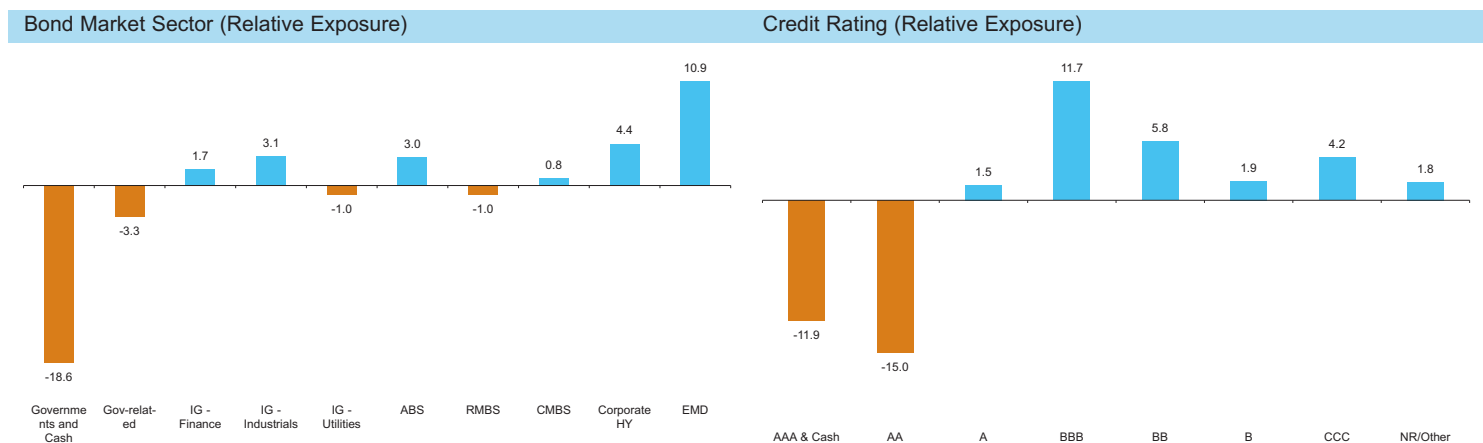
Manager	Approach / Process	Excess Return	Russell Analysis
PIMCO	Sector Specialist	-0.7%	PIMCO underperformed the benchmark during the quarter, but remains ahead over longer time-periods such as three years where it has gained 4.3% p.a. The manager's underperformance was largely attributable to its sector positioning, specifically an underweight to government debt, which was balanced by positions in lower quality. In contrast, the manager did benefit from its country positioning, where a long position in Germany pared losses somewhat.
Colchester Global Investors	Macro Value	3.4%	Colchester, focusing on governments in this mandate, outperformed both the benchmark and its peers in the Fund during the quarter. The manager's interest rate, country, currency and security positioning (UW credit) were the key drivers of its relative strength. The manager's overweight to Irish government bonds paid off, as Irish yields fell sharply.
Loomis	Security Selection	-4.2%	Loomis lagged the benchmark as its overweight position to high yield and emerging market debt was a hindrance on performance. From a country perspective, a short position to the United States significantly detracted given the flight to quality, though positives from overweights to Canada, Australia and Mexico offset this to a degree. Elsewhere, being long the Mexican Peso and Polish Zloty proved detrimental, as did a short position to the Japanese yen.
Brookfield	Sector Specialist	-1.3%	Structured finance specialist Brookfield's underperformance was predominantly driven by its credit centric positioning and weak security selection among mortgage-backed securities. Their assets were hurt by the recent weakening US economy prompting a sharp selling response from investors. However, the manager remains ahead of the benchmark over longer time periods such as two years where it has gained 7.4% p.a.

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Fund Statistics

Manager Weights	Characteristics	Fund	Benchmark
<ul style="list-style-type: none"> <li>PIMCO: 35.0%</li> <li>Colchester Global Investors: 20.0%</li> <li>Loomis: 35.0%</li> <li>Brookfield: 10.0%</li> </ul>	Effective Duration	5.5	5.8
	Yield to Maturity	4.3	2.4
	Average Credit Rating	A1	Aa2
	Average Maturity (Years)	7.6	7.4
	Tracking Error	Fund	Average Manager
One Year	1.2	6.7	
Three Years	3.1	9.5	
Five Years	2.7	7.3	

Fund Analysis



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