

Futuregrowth's specialist yield enhanced bond portfolio comes out tops

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According to the 2010 Alexander Forbes SA Bond Manager Watch Survey, the Futuregrowth Yield Enhanced Bond Composite is ranked number 1 for the one-year, three-year, and five-year period to February 2011, outperforming the All Bond Index by 3.56%, 2.40% and 2.04% respectively.

Since its inception in 2004, the Futuregrowth Composite has repeatedly outperformed its benchmark—All Bond Index (ALBI) plus 1%—over all periods. The total composite assets currently sit at R3.8-billion.

Portfolio Manager Jason Lightfoot says that the results are down to innovative uses of yield enhancement and market timing. "We look at sourcing from a selection of assets and uncovering excess credit and liquidity yields in both the unlisted and listed markets. In addition, we also add additional return through the interest rate bets that the fund can take".

The Yield Enhanced Composite portfolio sets conservative risk limits and, due to the moderate interest rate positions, ensures a relatively low volatility. "Our strategy has always relied on our continuous and strong relationships with market players," says Lightfoot. "This way we can keep an eye on fluctuating credit events in the market and provide a greater degree of investor protection—through loan terms, covenants and security—and a suitable portfolio structure of risk-adjusted returns and diversification."

Lightfoot says investors are aware that **fixed interest investments** are not risk-free but that a key reason for buying bonds is to diversify their portfolio. "The suitability of the Futuregrowth Yield Enhanced Composite is that it represents balance in an investor's portfolio and helps manage the portfolio's exposure to risk."

Futuregrowth Asset Management is a specialist investment company managing fixed interest related investment strategies in a sustainable way.

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