

# New Star Strategic Government Bond Fund

Irish authorised OEIC, UCITS III compliant  
at 31 March 2008

www.newstaram.com



## Fund manager



Simon Ward

## Fund statistics

All information in this factsheet refers to the US\$ income share class.

### NAV (per share)

US\$ class US\$5.35  
£ class† £5.57

†£ class hedged against the US\$

Fund size US\$1.8m

Running yield# 4.42%

Redemption yield# 1.08%

#Yield is net of charges and tax and is not guaranteed.

## Fund at a glance

### Fund aim

Long-term return from both income and capital growth through global investments in securities bearing fixed or variable rate income and, where appropriate, convertible bonds issued by governments or state-controlled agencies in both developed and emerging countries.

### Investment style

- Invests in primarily US dollar denominated US Treasury Bonds and other locally-issued government bonds, Eurobonds and Brady Bonds;
- Portfolio switches strategically between countries, maturities and investment grades;(AAA to BBB) and sub-investment grades (BB and below) to maximise total returns.

Launch date 27.06.2003  
Base currency US dollar  
Payment Dates Within 15 business days of each quarter  
XD dates 29.02.2008, 30.05.2008, 29.08.2008, 28.11.2008  
Minimum investment and holding US\$5,000 or £3,500  
Management fee 1.25% per annum

Subscription fee up to 5.25%

Redemption/switching fees Nil

Valuations Daily

Subscriptions/redemptions Daily

NAV Publications FT, Morningstar, www.newstaram.com

ISIN USD: IE0033214309

GBP: IE0033214630

Bloomberg NSGSGBD ID

Sedol 3321430

Valor 1748906

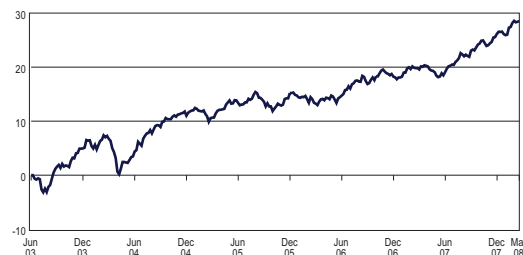
Registration UK, Ireland, Spain, Italy, Netherlands, Malta, Sweden, Finland, Denmark, Singapore†

†recognised

## International Investment Services

Phone: +353 1 475 8000  
Email: dublin@newstaram.com

## Performance since launch (%)



— New Star Strategic Govt Bond Fund (28.51%)

## Performance overview (%)

	March 2008	Year to date	1 year	3 years	Since Launch
US\$ class	0.94	3.08	7.26	16.23	28.51
£ class	1.08	3.37	7.79	16.90	33.52

	2007	2006	2005	2004
US\$ class	5.21	3.74	2.19	6.51
£ class	5.49	2.60	3.91	8.79

## Top 10 holdings (%)

US TREASURY 4.5% 15/02/2016	19.19
RUSSIA 8.25% 31/03/2010	15.24
US TREASURY 5.0% 31/07/2008	11.06
UNITED MEXICAN STATES 16.5% 01/09/2008	8.91
UNITED MEXICAN STATES 11.375% 15/09/2016	7.97
UNITED MEXICAN STATES 8.25% 24/02/2009	6.84
SOUTH AFRICA 9.125% 19/05/2009	5.93
US TREASURY 5.375% 15/02/2031	5.67
BRAZIL 8% 15/01/2018	5.50
US TREASURY 4.25% 15/08/2013	4.15

TOTAL HOLDINGS 10  
CASH IN PORTFOLIO 9.54%

## Peer group analysis

	March 2008	Year to date	1 year	3 years	Since Launch
Position in sector	4/16	8/16	8/16	5/14	2/12
Quartile ranking	1st	2nd	2nd	2nd	1st

Sector: Fixed income US\$

## Credit ratings

Investment grade(%)	
AAA	39.59
AA	-
A	-
BBB+	45.34
BBB	-
<b>Total</b>	<b>84.93</b>

Sub-investment grade(%)	
BB+	5.53
B	-
CCC	-
<b>Total</b>	<b>5.53</b>
<b>Other</b>	<b>0.00</b>
<b>Cash</b>	<b>9.54</b>

## Fund management commentary

US Treasury bonds remained well-supported in March as non-government credit markets continued to weaken and Bear Stearns was subsumed by JPMorgan. The Federal Reserve cut its fed funds rate by an additional 0.75 percentage points while introducing new mechanisms to supply liquidity to distressed institutions.

The New Star Strategic Government Bond Fund returned 0.94% compared with returns of 0.71% for the Citigroup US government index and 0.06% for the EMBI+ index. Performance benefited from a significant currency gain on Japanese yen exposure as well as favourable country selection within the emerging markets portion of the portfolio as a "flight to quality" boosted higher-rated sovereign debt.

Recent economic news suggests that US gross domestic product will be flat in the first quarter and will contract in the second. Prospects for

later in the year are unclear but some recovery is possible as significant fiscal and monetary stimulus offsets tighter credit conditions.

Yields on 10-year Treasuries were 3.45% at 31 March compared with New Star's "fair value" estimate of more than 5%. The deviation is comparable with 2003, when deflation fears were rife, and greater than at the trough of economic cycles over the past 20 years. A further significant decline in yields is unlikely barring a severe recession.

The fund's strategy remains to limit exposure to duration risk in Treasuries while concentrating emerging market exposure in higher-rated bonds. Emerging market valuations are becoming more attractive relative to their recent history but are less compelling compared with corporate and mortgage credit.

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