

On The Right Track

How does your bond fund stack up? These measurements are listed in each fund's quarterly and annual reports, and by fund rating services such as Morningstar.

Check Fund Specifics...The higher the yield, the better—but only if you're comfortable with the risk you take to earn it. Average maturity is the average life of all the bonds owned by the fund. Generally speaking, the shorter the maturity, the lower the yield, but the less volatile the fund. The longer the maturity, the higher the yield, but the more volatile the fund.

...and Relative Performance. Compare your bond fund's return to the Barclays Capital Aggregate Bond Index.¹ That's the bond benchmark to meet or beat. You can also compare your bond fund's return to the Standard & Poor's 500 Index.² That will tell you how the return on your bonds compares with what large-cap stocks are currently returning. Keep in mind that investors can't purchase an index directly and that indices don't take any fees or costs into consideration.

¹The Barclays Capital Aggregate Bond Index is an unmanaged, market value-weighted benchmark that duplicates the total taxable bond market, by covering both government and corporate bonds, mortgage-and asset-backed securities. All securities in the index have a minimum maturity of one year.

²The S&P 500 is an unmanaged index that is generally considered representative of the large-cap U.S. stock market.

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