

TheStreet.com Ratings

Top 5 Bond Funds for Volatile Times

Sam Patel – 10/21/08

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TheStreet.com Ratings has sorted through the roughly 5,000 bond funds we rate and compiled a list of those that received the largest upgrades from us in the third quarter.

As would be expected, there was a clear flight to quality in the three months ended Sept. 30, with investors piling into short-

intermediate-term U.S. Treasuries.

The risk or volatility — termed duration for bonds — is lower at the short and intermediate end of the Treasury yield curve (i.e. those government bonds with roughly less than two years to maturity for short-term and two to five years for intermediate-term). Duration measures the interest rate sensitivity of the price of a bond to a 1% change interest rates. The shorter the term to maturity the lower the duration and less price sensitivity to any change in interest

rates by the Federal Reserve.

However, in my view, duration can only be of relevance in a properly functioning market, and we do not have that right now. We have a fear-based market that has investors pulling out all stops to prevent capital destruction and they are doing this by running to U.S. government debt. It is a sign of the times that the funds that received the largest upgrades for the quarter returned pretty much 0% or slightly less for the three-month period.

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Fund Name	Ticker	Current Grade	Previous Grade	3-Month Return	Category
CNI Charter Government Bond N	CGBAX	B+	C+	0.9	US Government - Short & Interm
Pioneer Protected Principal Plus A	PPPAX	C+	D+	0	US Government - Short & Interm
Principal Govt & Hgh qlt A	PRGVX	C+	D+	-0.31	US Government - Short & Interm
RidgeWorth Strategic Income A	SAINX	C+	D+	-0.75	Corporate - High Yield
Schwab Short-Term Bond Market	SWBDX	C+	D+	-1.1	US Government - Short & Interm

Source: TheStreet.com Ratings

Disclosure for TheStreet.com Article dated 10-21-08 “Top 5 Bond Funds for Volatile Times”

Investing involves risk, including loss of principal. Bond and bond funds will decrease in value as interest rates rise. To determine if this Fund is an appropriate investment for you, carefully consider the Fund’s investment objectives, risk factors and charge and expenses before investing. This and other information can be found in the Fund’s prospectus, which may be obtained by calling 1-888-889-0799 or visiting our website at www.cnicharterfunds.com. Read it carefully before investing.

Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost and current performance may be higher or lower than the performance quoted. For performance data current to the most recent month end, please call 1-888-889-0799 or visit www.cnicharterfunds.com. For the period ended 9/30/08, CNI Charter Government Bond Fund Class N Shares total returns were 4.59% for 1 year; 2.73% for 5 year and 4.60% since inception (4/13/00), respectively. The total annual Fund operating expenses is 1.02%. After fee waivers, the operating expense is 0.95%. Fee waivers are voluntary and are in effect for the current fiscal year.

CNI Charter Funds are distributed by SEI Investments Distribution Co., which is not affiliated with the investment manager. Top 5 Rating is based on the difference between the current grade and previous grade of 5,000 bond funds rated by TheStreet.com Ratings. The five funds among all bond funds with the largest positive difference were rated top 5. The “Current Grade” rating of the CNI Charter Government Bond Fund (Class N) is as of 9/30/08 and the “Previous Grade” rating is as of 6/30/08 and both are determined by the same criteria, which follow.

The fund grade is based on TheStreet.com’s Investment Ratings which measures the funds’ historical risk-adjusted performance, based on two components: (1), its Performance Rating and (2), its Risk Rating. A fund’s Performance Rating is based on its total return to shareholders over the last trailing three years, including share price appreciation and distributions to shareholders. This total return figure is net of expenses and fees charged by the fund, and adjustments are made for any front-end or deferred sales loads. The adjusted return is weighted to give more recent performance a slightly greater emphasis. The Risk Rating is based on the level of volatility in the fund’s monthly returns over the last trailing three years. TheStreet.com uses standard deviation from the mean as their barometer of volatility. A fund is then rated on a scale from A through E. The top 10% of all bond mutual funds receive an A; next 20%, a B; middle 40%, a C; next 20%, a D; and the bottom 10% receive an E. A “+” or “-” indicates that the fund is in the top or bottom third, respectively, of its letter grade.