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## Bonds Most 'Overbought' In 55 Years, Loomis Sayles's Fuss Says

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Dan Fuss, whose Loomis Sayles Bond Fund beat 98 percent of its peers in the last three years, said the fixed-income market is more “overbought” than at any time in his 55-year career as he prepares to open a fund to British individual investors.

“This is the most overbought market I have ever seen in my life in the business,” Fuss, 79, who oversees \$66 billion in fixed-income assets as vice chairman of Boston-based Loomis Sayles & Co., said in an interview in London. “What I tell my clients is, ‘It’s not the end of the world, but for heaven’s sakes don’t go out and borrow money to buy bonds right now.’”

Yields on government bonds in the U.S., Germany, the U.K. and Australia tumbled to all-time lows last year as Europe’s debt crisis intensified and concern grew that global growth was stalling. Central banks, including the Federal Reserve, Bank of Japan and Bank of England put pressure on interest rates by purchasing government securities to boost growth.

Ten-year Treasury yields, which touched a record low of 1.38 percent in July, were at 2.02 percent at 3:50 p.m. in London today, compared with an average over the past 10 years of 3.64 percent. Germany’s 10-year bund yield slid to 1.13 percent last year, less than half its 10-year average of 3.36 percent.

“The world is changing,” said Fuss, who started in the investment business when Dwight Eisenhower was U.S. President. “We are coming off a period of very low interest rates because the central banks have been buying the bonds. Interest rates are going to go up.”

### Eagan, Stokes

With the U.K. fund, Fuss will be trying to replicate the success of his \$15 billion Loomis Sayles Strategic Income Fund, which beat 94 percent of its peers over the past year and 97 percent over three years, data compiled by Bloomberg show. The pool, which he manages with Matt Eagan and Elaine Stokes, targets corporate, convertible and government bonds worldwide and may invest as much as 35 percent of its assets in equities.

The U.K. fund, approved by the Financial Services Authority today, will limit common stocks to 20 percent and be managed by Fuss and his two colleagues. Fuss said he is the largest individual investor in the U.S. version of the fund, adding he has “a very meaningful amount” of his wealth in it.