

SmartMoney

SCREENS by Rob Wherry

Published March 27, 2009

13 Funds on Marathon Winning Streaks

IF INVESTORS WEREN'T already queasy from months of wild swings in the market, then they're most likely grabbing for the Pepto-Bismol now. A 500-point surge Monday was quickly followed by three topsy-turvy sessions that saw double- and triple-digit dips and climbs. And while there's a chance that the Dow Jones Industrial Average may close its third straight week on an upswing, it's not much consolation for mutual fund managers who will still be left with massive losses.

Yet, there is a select group of funds pulling off quite a feat: Not only are they beating the return of the S&P 500 in 2009, but they have done so every year since 2002. Keep in mind that those years include both bull and bear markets, corporate scandals, a real estate bubble and its subsequent bursting and one of the worst financial downturns of the last century. Nevertheless, these funds managed to come out on top.

We call this week's screen the Bill Miller screen in honor of the legendary Legg Mason fund manager who beat the annual returns of the S&P 500 for 15 straight years. In order to construct it, we used Morningstar's fund screener tool to find equity funds that had beaten the S&P each year between 2002 and 2008 -- a period long enough to encapsulate both bull and bear markets -- and were on track to keep their streaks going this year, too. In addition, these funds had to charge below-average fees, carry good ratings, and be open to new money. Thirteen funds made our list.

In some ways, we are wary of highlighting this screen. Investing in a fund purely because of its "streak" can be a big mistake. After all, streaks inevitably come to an end and investors who jump in right before that time lose money. Just ask shareholders of Miller's **Legg Mason Value Trust (LMVTX¹)**. The fund hasn't beaten the broad market on an annual basis since his streak came to a close in 2005. Likewise, **Quaker Strategic Growth (QUAGX²)** beat the S&P 500 between 1999 and 2005, but has had an inconsistent record since then.

Our other concern is that there is more than one way to construct this screen. For example, what's more important for a fund: to beat the S&P 500 (as we have focused on) or its individual benchmark? We argue that any time a person veers part of their equity portfolio away from low-cost, ultraconservative index funds they're taking on risk. The success or failure of that gamble should be measured against the returns of that index fund. But weighing international or small-cap funds against the S&P 500 is also an apple to oranges comparison. There are some mutual fund experts who think small caps should be judged according to the returns of an applicable benchmark, like the Russell 2000. To be fair, we ran the screen that way -- and, of course, got completely different results. Click [here³](#) to see a spreadsheet of a screen that features **Permanent Portfolio (PRPFX⁴)**, **First Eagle Global (SGENX⁵)** and **James Balanced: Golden Rainbow (GLRBX⁶)**.

Using our method, one fund popped up that consistently makes our screens: **Wasatch 1st Source Income Equity (FMIEX⁷)**. Regular readers of this column may not be used to seeing the Wasatch name in front of this fund, but even though it has a new parent company the strategy hasn't changed. Manager Ralph Shive avoided the financial crisis by avoiding bank stocks and increasing the fund's cash position. "I was defensive before defensive was cool," he says.

Shive isn't sure the market is ready for a recovery, despite a decent March for stocks and government plans to kick-start the credit markets. "There is still too much structural damage," he says. However, he's gradually spending some cash and slowly building positions in the fund. Top holdings include **Johnson & Johnson (JNJ⁸)**, **AllState (ALL⁹)**, **Microsoft (MSFT¹⁰)**, **General Electric (GE¹¹)** and **Pepsi (PEP¹²)**. The fund is Morningstar's top large-cap value offering of the last decade.

As for the future, Shive says he expects more. "I'm still watching and waiting," he says. "We will have an uptick off the low, but

whether that is sustainable is something we are still debating."

The Criteria: The equity funds on our list have beaten the annual returns of the S&P 500 in each of the 12-month periods between 2002 and 2008. They are also ahead of that benchmark in 2009, too. In addition, they are open to new money, charge an annual expense ratio under 1.5% and require a minimum investment less than \$5,000.

Funds on a Seven-Year Streak

Ticker	Fund	3-Year Average Annual Return (%)	5-Year Average Annual Return (%)	Expense Ratio (%)	Asset (In Millions)
<i>AFBAX</i> ¹³	AFBA 5 Star Balanced	-3.5	2.2	1.08	6:
<i>AMANX</i> ¹⁴	Amana Income	-2.5	6.7	1.32	51:
<i>GABEX</i> ¹⁵	Gabelli Equity Income	-9.3	-1.2	1.43	73:
<i>GABSX</i> ¹⁶	Gabelli Small Cap Growth	-8.8	0.8	1.43	71:
<i>EXHAX</i> ¹⁷	Manning & Napier Pro-Blend Maximum Term	-9.1	-0.5	1.10	28:
<i>MDISX</i> ¹⁸	Mutual Discovery	-2.8	6.2	1.02	11,30:
<i>MQIFX</i> ¹⁹	Mutual Qualified	-3.8	4.0	0.81	4,05:
<i>JMVCVX</i> ²⁰	Janus Perkins Mid Cap Value	-6.1	2.0	1.06	4,92:
<i>PORTX</i> ²¹	Portfolio 21	-9.0	-0.2	1.49	17:
<i>PMBPX</i> ²²	Principal Mid Cap Blend	-9.0	-0.4	0.91	47:
<i>SMVTX</i> ²³	Ridgeworth Mid Cap Value Equity	-9	0.8	1.06	21:
<i>CCEVX</i> ²⁴	Touchstone Value Opportunities	-10.1	-0.6	1.14	11:
<i>FMIEX</i> ²⁵	Wasatch 1st Source Income Equity	-7.0	2.5	1.04	82:

Source: Morningstar, Lipper

Note: Data as of March 27, 2009

¹<http://www.smartmoney.com/quote/LMVTX/>

²<http://www.smartmoney.com/quote/QUAGX/>

³http://m1.smartmoney.net/fundscreen/images/streaks_spreadsheets.xls

⁴<http://www.smartmoney.com/quote/PRPFX/>

⁵<http://www.smartmoney.com/quote/SGENX/>

⁶<http://www.smartmoney.com/quote/GLRBX/>

⁷<http://www.smartmoney.com/quote/FMIEX/>

⁸<http://www.smartmoney.com/quote/JNJ/>

⁹<http://www.smartmoney.com/quote/ALL/>

¹⁰<http://www.smartmoney.com/quote/MSFT/>

¹¹<http://www.smartmoney.com/quote/GE/>

¹²<http://www.smartmoney.com/quote/PEP/>

¹³<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=AFBAX>

¹⁴<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=AMANX>

¹⁵<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=GABEX>

¹⁶<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=GABSX>

¹⁷<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=EXHAX>

¹⁸<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=MDISX>

¹⁹<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=MQIFX>

²⁰<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=JMVCVX>

²¹<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=PORTX>

²²<http://www.smartmoney.com/cfscripts/director.cfm?searchstring=PMBPX>

²³[http://www.smartmoney.com/cfscrip...&searchstring=SMVTX](http://www.smartmoney.com/cfscrip...)

²⁴[http://www.smartmoney.com/cfscrip...&searchstring=CCEVX](http://www.smartmoney.com/cfscrip...)

²⁵[http://www.smartmoney.com/cfscrip...&searchstring=FMIEX](http://www.smartmoney.com/cfscrip...)

URL for this article:

<http://www.smartmoney.com/Investing/Mutual-Funds/13-Funds-on-Marathon-Winning-Streaks/>



[Customer Service](#) | [Magazine Customer Service](#) | [Subscribe to SmartMoney Magazine](#) | [Your Profile](#) | [Contact Us](#)
[About Our Ads](#) | [Corrections](#) | [Custom Publishing](#) | [License Our Content](#) | [Media Kit](#) | [Press Room](#) | [Events](#) | [Site Map](#) | [Legal](#)

smSmallBiz™ SMARTMONEY® Layout and look and feel of SmartMoney.com and smSmallBiz.com are trademarks of SmartMoney, a joint venture between Dow Jones & Company, Inc. and Hearst SM Partnership. © 1995 - 2009 SmartMoney. All Rights Reserved. By accessing and using this page, you agree to our [Privacy Policy and Terms of Use](#). All quotes delayed by 15 minutes. Delayed quotes provided by [Interactive Data Real-Time Services, Inc.](#). Historical prices and fundamental data provided by [Morningstar, Inc.](#) Mutual fund data provided by [Lipper](#).

Mutual Fund NAVs are as of previous day's close. Earnings estimates provided by [Zacks Investment Research](#). Insider trading data provided by [Thomson Financial](#). Upgrades and downgrades provided by [Briefing.com](#).

You Are Viewing: [SmartMoney.com](#) — Investing, Saving and Personal Finance.