



Q4 Performance among the Most Popular Funds in the Advisor Perspectives Universe

During the last nine months of 2007, actively managed foreign equity mutual funds in the Advisor Perspectives universe significantly outperformed their benchmarks. However, actively managed funds in the three other categories (US equities, taxable bonds, and municipal bonds) underperformed their benchmarks.

The results are summarized in the table below:

	Average Return	Average Return of Benchmark	Benchmark	# of Funds Outperforming Benchmark
US Equities	3.29%	4.73%	SPY	10 of 25
Foreign Equities	14.26%	6.64%	EFA	17 of 25
Taxable Bonds	3.11%	5.11%	AGG	9 of 25
Muni Bonds	1.76%	2.76%	Lehman Muni Index	10 of 25

Previous versions of this study were done at the end of [Q2 of 2007](#) and at the end of [Q3 of 2007](#).

Detailed Findings

The study examined the top 25 actively managed mutual funds among the [most popular mutual funds](#) in the four categories noted above. The significant findings are:

- **US Equities:** The average return across the top 25 funds was 3.29%, underperforming the S&P 500 (as measured by the SPY ETF) by 1.44%. Of the 25 funds, 11 outperformed the S&P 500. When measured against their secondary (style-box specific) benchmarks, the funds underperformed the S&P 500 by 1.41%, with 10 of 25 funds outperforming their secondary benchmarks. Five funds outperformed the S&P in all three quarters – The Growth Fund of America (AGTHX), the Victory Diversified Stock Fund (SRVEX), the Fidelity Contrafund (FCNTX), the Marsico 21st Century Fund (MXXIX), and the T. Rowe Price Mid Cap Growth Fund (PAMCX). The Growth Fund of America was also the most popular US equity fund. The Fidelity Contrafund, the sixth most popular



- fund, had the largest outperformance relative to the S&P 500 (13.38%) and the largest outperformance relative to its secondary benchmark (7.74%). The worst performing fund was the Fidelity Real Estate Investment Fund, underperforming the S&P 500 by 28.93%.
- **Foreign Equities:** The average return across the top 25 funds was 14.26%, outperforming the EFA ETF by 7.62%. Of the 25 funds, 17 outperformed the EFA, and 12 funds outperformed the EFA in each of the three quarters. Three of the top four performing funds were emerging market funds - the Fidelity Emerging Markets Fund (FEMKX – 39.95%), the SSGA Emerging Markets Fund (SSEMXX – 37.16%), the Matthews Pacific Tiger International Fund (MAPTX – 34.63%), and the Harding Loevner Emerging Markets Fund (HLEMXX – 34.26%). These funds also outperformed the emerging markets EEM ETF, which returned 31.90% over the nine month time period. The worst performing fund was the Oakmark International Small Cap Fund, which returned -13.36% over the three quarters, and was also the only foreign equity fund to lose money over this period.
 - **Taxable Bonds:** The average return across the top 25 funds was 3.11%, underperforming the Lehman Aggregate Bond ETF (AGG) by 2.01%. Of the top 25 funds, nine outperformed the AGG, and no fund outperformed the AGG in all three quarters. The top three taxable funds are all PIMCO funds, and all outperformed the AGG – the PIMCO Total Return Fund (PTTAX – 6.88%), the PIMCO Low Duration Fund (PTLAX – 5.84%), and the PIMCO Total Return Administrative Fund (PTRAX – 7.05%). The worst performing fund (also the fifth most popular fund) was the Schwab Yield Plus Fund, which lost 2.51%, and was one of four funds to lose money over the period.
 - **Municipal Bonds:** The average return across the top 25 funds was 1.76%, underperforming the Lehman Muni Bond Index by .99%. (There is no ETF with sufficiently long performance history for municipal bonds, so we use this index for benchmark comparisons.) Of the 25 funds, 10 outperformed the Lehman Muni Bond Index. Only one fund (the JP Morgan New York Tax Free Fund – JNYIX) outperformed the index in all three quarters. The top performing fund (and second most popular fund) was the Vanguard Limited Term Tax Exempt Fund (VMLTX – 3.43%), followed closely by the Thornburg Investors Trust Limit Term Fund (LTMIX – 3.35%), the JP Morgan Fund Tax Free Fund (JNYIX – 3.35%), and the Sanford Bernstein Diversified Municipals Fund (SNDPX – 3.22%). The worst performing fund, and one of only two funds to lose money, was the Nuveen High Yield Municipals Bond Fund (ACTHX - -6.17%).



Background and Methodology

The Advisor Perspectives universe tracks the assets of high- and ultra-high net worth investors whose assets are managed by Registered Investment Advisors. The size of the universe is approximately \$50 billion and the average account size is approximately \$900,000. However, 94% of the assets are concentrated in a group of accounts with an average account size of approximately \$4 million, so data from the universe is biased by this demographic, and therefore represents the investment decisions of ultra-high net worth investors.

The most popular mutual funds are determined based on the AUM (assets under management) for each fund within the Advisor Perspectives universe. The inception of the Advisor Perspectives service was in Q1 of 2007. The first complete calendar quarter of data was Q2 of 2007, which is why this study examines the last three quarters of 2007.

The funds used in this study were the most popular funds as of March 31, 2007. Only actively managed funds were considered; index funds, enhanced index funds, and ETFs were not included in this study.

To calculate the AUM of each fund, assets are consolidated across all share classes held in the Advisor Perspectives universe. For this study, performance data was obtained for the share class most appropriate for advisors (either a load-waived share class or an institutional share class).

Performance data and style-box classifications were obtained from Morningstar.

Detailed data is presented in the four tables below.

US Equities

(LC = Large Cap; MC = Mid Cap; SC = Small Cap)
(G = Growth; B = Blend; V = Value)

Ticker	Fund	Style	2007 Performance			2007 9 Mos.	Perf. v. SPY	Perf. v. Scndry Index
			Q2	Q3	Q4			
AGTHX.lw	GROWTH OF AMERICA FUND	LC/G	7.71	4.43	-2.72	9.42	4.69	-0.95
DODGX	DODGE AND COX STOCK FUND	LC/B	5.41	-1.92	-4.78	-1.56	-6.29	-6.29
FRIAX	FRANKLIN TEMPLETON	LC/B	2.47	1.39	-2.10	1.71	-3.02	-3.02



	CUSTODIAN INCOME FUND							
SRVEX.Iw	VICTORY DIVERSIFIED STOCK FUND	LC/G	9.10	3.43	-1.64	10.99	6.26	0.62
FEQIX	FIDELITY EQUITY INCOME FUND	LC/B	7.31	-0.41	-6.12	0.33	-4.40	-4.40
FCNTX	FIDELITY CONTRAFUND FUND	LC/G	7.50	7.16	2.53	18.11	13.38	7.74
ABALX.Iw	BALANCED FUND	LC/G	5.02	2.77	-1.97	5.80	1.07	-4.57
JENIX	JENSEN FUND	LC/G	5.13	3.41	0.06	8.78	4.05	-1.59
TAVFX	THIRD AVENUE VALUE FUND	MC/B	4.45	2.97	-4.70	2.50	-2.24	1.45
FMCSX	FIDELITY MID CAP STOCK FUND	MC/G	7.67	-0.19	-5.54	1.51	-3.22	-5.49
UMBIX	EXCELSIOR VALUE AND RESTRUCTURING FUND	LC/V	10.05	-1.55	-1.43	6.79	2.06	8.29
FRESX	FIDELITY REAL ESTATE INVESTMENT FUND	LC/B	-11.14	0.59	-15.19	-24.19	-28.93	-28.93
MXXIX	MARSICO 21ST CENTURY FUND	LC/G	10.32	6.36	0.59	18.03	13.29	7.65
PRWCX	TROWEPRICE CAPITAL APPRECIATION FUND	LC/B	5.83	-1.08	-1.59	3.02	-1.71	-1.71
FLMVX	JP MORGAN MID CAP VALUE FUND	MC/V	4.22	-1.21	-3.45	-0.59	-5.33	5.51
AWSHX.Iw	WASHINGTON MUTUAL FUND	LC/B	6.71	1.80	-5.18	3.00	-1.73	-1.73
FDCAx	FIDELITY CAPITAL APPRECIATION FUND	LC/B	7.50	3.09	-5.73	4.47	-0.26	-0.26
FDVLX	FIDELITY VALUE FUND	MC/V	6.35	-1.60	-6.78	-2.45	-7.18	3.66
MPMCX	MELLON MID CAP STOCK FUND	MC/G	7.33	0.41	-0.06	7.71	2.97	0.70
DNVYX	DAVIS NEW YORK VENTURE FUND	LC/B	6.56	-0.26	-1.98	4.18	-0.56	-0.56
PAMCX	TROWEPRICE MID CAP GROWTH FUND	MC/G	11.48	3.38	-1.29	13.76	9.03	6.76
AIVSX.Iw	INVESTMENT COMPANY OF AMERICAN FUND	LC/B	6.91	2.50	-4.33	4.84	0.10	0.10
HWLAX.Iw	HOTCHKIS AND WILEY LARGE CAP VALUE FUND	LC/V	3.80	-7.37	-8.37	-11.90	-16.63	-10.41
LLPFX	LONGLEAF PARTNERS FUND	LC/B	8.08	-1.45	-8.55	-2.59	-7.33	-7.33
FLPSX	FIDELITY LOW PRICED STOCK FUND	MC/B	6.34	-2.57	-2.94	0.56	-4.17	-0.48
	Average		6.08	0.96	-3.73	3.29	-1.44	-1.41
SPY	SPDRs	LC/B	6.24	2.01	-3.36	4.73		
IWF	iShares Russell 1000 Growth Index	LC/G	6.81	4.16	-0.79	10.37		
IWD	iShares Russell 1000 Value Index	LC/V	4.88	-0.28	-5.81	-1.49		
IWP	iShares Russell Midcap Growth Index	MC/G	6.68	2.08	-1.74	7.00		
IWR	iShares Russell Midcap Index	MC/B	5.25	-0.42	-3.59	1.05		
IWS	iShares Russell Midcap Value Index	MC/V	3.62	-3.58	-6.02	-6.10		



Foreign Equities

(LC = Large Cap; MC = Mid Cap; SC = Small Cap)
(G = Growth; B = Blend; V = Value)

Ticker	Fund	Style	2007 Performance			2007 9 mo	Perf. v. EFA
			Q2	Q3	Q4		
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	LC/B	6.61	0.43	-0.65	6.37	-0.27
AEPGX.lw	AMERICAN EUROPACIFIC GROWTH FUND	LC/B	8.43	5.23	1.29	15.57	8.93
BJBIX	JULIUS BAER INTERNATIONAL EQUITY FUND	LC/B	8.82	1.97	0.88	11.94	5.30
MACSX	MATTHEWS ASIAN GROWTH AND INCOME FUND	LC/V	8.89	5.67	3.10	18.63	11.99
SGOVX.lw	FIRST EAGLE SOGEN OVERSEAS FUND	LC/B	3.71	1.55	-1.19	4.06	-2.57
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	LC/B	7.77	4.87	-0.41	12.56	5.92
SGENX.lw	FIRST EAGLE SOGEN GLOBAL FUND	LC/B	4.48	1.37	1.36	7.35	0.71
ARTIX	ARTISAN INTERNATIONAL FUND	LC/B	5.53	5.34	2.84	14.32	7.68
MAPTX	MATTHEWS PACIFIC TIGER INTERNATIONAL FUND	LC/B	16.69	10.34	4.56	34.63	27.99
JFEIX	JP MORGAN INTREPID EUROPEAN FUND	LC/B	9.23	1.91	-1.41	9.75	3.11
OAKEX	OAKMARK INTERNATIONAL SMALL CAP FUND	SC/V	2.52	-6.60	-9.52	-13.36	-20.00
SNIVX	SANFORD C BERNSTEIN BERNSTEIN TAX MANAGED INTERNATIONAL VALUE FUND	LC/B	6.63	2.45	-4.59	4.23	-2.41
TBGVX	TWEEDY BROWNE GLOBAL VALUE FUND	LC/B	5.94	-0.64	-2.20	2.95	-3.69
FEMKX	FIDELITY EMERGING MARKETS FUND	LC/B	15.59	13.62	6.56	39.95	33.31
TGVAX.lw	THORNBURG INTERNATIONAL VALUE FUND	LC/B	12.23	10.20	0.16	23.88	17.24
NIIVX	ING INTERNATIONAL VALUE FUND	LC/B	4.87	-0.35	-1.11	3.34	-3.30
SSEMXX	SSGA EMERGING MARKETS FUND	LC/B	15.70	15.69	2.47	37.16	30.52
HAINX	HARBOR INTERNATIONAL FUND	LC/B	10.29	5.95	1.12	18.16	11.52
NAIGX.lw	NUVEEN TRADEWINDS INTERNATIONAL VALUE FUND	LC/B	5.99	4.54	-1.96	8.63	1.99
ANWPX.lw	NEW PERSPECTIVE FUND	LC/B	8.49	5.14	0.00	14.07	7.43
PRIDX	TROWEPRISE INTERNATIONAL DISCOVERY FUND	MC/B	9.01	2.80	-1.50	10.38	3.74
FDVAX.lw	FIDELITY ADVISORS DIVERSIFIED INTERNATIONAL FUND	LC/B	6.23	1.70	-2.70	5.12	-1.52
HLEMX	HARDING LOEVNER EMERGING MARKETS FUND	LC/B	12.80	12.97	5.36	34.26	27.62
FICDX	FIDELITY CANADA FUND	LC/B	16.21	9.53	1.78	29.55	22.91



SEITX	SEI INTERNATIONAL EQUITY FUND	LC/B	7.05	0.56	-4.34	2.98	-3.66
	Average		8.79	4.65	0.00	14.26	7.62
EFA	iShares MSCI EAFE Index		6.49	2.09	-1.91	6.64	

Taxable Bonds

(ST = Short Term; MT = Medium Term; LT = Long Term)
(IG = Investment Grade; MG = Mid Grade)

Ticker	Fund	Style	2007 Performance			2007 9 mo	Perf. v. AGG
			Q2	Q3	Q4		
PTTAX.Iw	PIMCO TOTAL RETURN FUND	MT/IG	-1.44	4.47	3.80	6.88	1.76
PTLAX.Iw	PIMCO LOW DURATION FUND	ST/IG	-0.42	3.60	2.59	5.84	0.72
PTRAX	PIMCO TOTAL RETURN ADMINISTRATIVE FUND	MT/IG	-1.39	4.52	3.86	7.05	1.93
DODIX	DODGE AND COX INCOME FUND	MT/IG	-0.24	2.10	1.32	3.20	-1.92
SWYPX	SCHWAB YIELD PLUS FUND	ST/MG	1.11	-1.04	-2.57	-2.51	-7.63
JBSEX	JP MORGAN BOND FUND	MT/IG	-0.44	0.07	0.14	-0.23	-5.35
TRLVX	SEI INSTITUTIONAL MANAGED CORE FIXED INCOME FUND	MT/IG	-0.88	1.98	1.36	2.46	-2.66
LSBDX	LOOMIS SAYLES I BOND FUND	LT/MG	1.86	3.23	1.20	6.41	1.30
SDFIX	STANDISH FIXED INCOME FUND	MT/IG	-0.71	1.09	1.64	2.02	-3.10
VFSTX	VANGUARD SHORT TERM INVESTMENT GRADE FUND	ST/IG	0.46	1.91	1.81	4.23	-0.88
ABNDX	BOND OF AMERICAN FUND	MT/MG	-0.26	1.74	0.36	1.84	-3.27
FBNDX	FIDELITY INVESTMENT GRADE BOND FUND	MT/IG	-0.69	1.00	0.93	1.24	-3.88
PHDAX.Iw	PIMCO HIGH YIELD FUND	MT/MG	-0.02	0.95	0.20	1.13	-3.98
AHITX.Iw	AMERICAN HIGH INCOME TRUST FUND	MT/MG	0.98	-0.24	-1.59	-0.86	-5.98
FSICX	FIDELITY STRATEGIC INCOME FUND	MT/MG	0.10	2.26	1.31	3.70	-1.41
NEFZX.Iw	LOOMIS SAYLES STRATEGIC INCOME TRUST II FUND	LT/MG	1.90	2.85	0.71	5.55	0.43
VFIX	VANGUARD GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND	MT/IG	-0.66	2.95	3.29	5.64	0.52
OHYAX.Iw	JP MORGAN HIGH YIELD BOND FUND	MT/MG	-0.33	0.46	-1.15	-1.02	-6.14
DFIHX	DFA ONE YEAR FIXED INCOME FUND	ST/IG	1.28	1.20	1.26	3.79	-1.33
HABDX	HARBOR BOND FUND	MT/IG	-1.33	4.37	3.96	7.06	1.95
FAGIX	FIDELITY CAPITAL AND INCOME FUND	MT/MG	2.31	-0.49	-1.14	0.65	-4.47
FSHBX	FIDELITY SHORT TERM BOND FUND	ST/IG	0.28	0.20	0.05	0.53	-4.58
PARRX	PIMCO REAL RETURN FUND	LT/IG	-1.44	4.77	5.17	8.60	3.49
EABLX	EATON VANCE FLOATING RATE FUND	MT/IG	1.32	-1.39	-0.10	-0.19	-5.30
OMBIX	JP MORGAN MORTGAGE BACKED SECURITIES FUND	MT/IG	-0.41	2.81	2.22	4.66	-0.45
	Average		0.04	1.81	1.23	3.11	-2.01
AGG	iShares Lehman Aggregate Bond		-0.63	2.71	2.99	5.11	



Municipal Bonds

(ST = Short Term; MT = Medium Term; LT = Long Term)
 (IG = Investment Grade; MG = Mid Grade)

Ticker	Fund	Style	2007 Performance			2007 9 mo	Perf. v. Lehman Bond Index
			Q2	Q3	Q4		
VSITX	JP MORGAN INTERMEDIATE TAX FREE FUND	MT/IG	-0.47	2.11	1.43	3.08	0.33
VMLTX	VANGUARD LIMITED TERM TAX EXEMPT FUND	ST/IG	0.21	1.74	1.45	3.43	0.67
NHMAX.lw	NUVEEN HIGH YIELD MUNICIPALS BOND FUND	LT/MG	-0.67	-2.30	-3.31	-6.17	-8.92
ACTHX.lw	VANKAMPEN HIGH YIELD MUNICIPALS FUND	LT/MG	-0.09	-1.08	-1.30	-2.45	-5.21
VWITX	VANGUARD INTERMEDIATE TERM TAX EXEMPT FUND	MT/IG	-0.56	1.74	1.50	2.69	-0.07
SNDPX	SANFORD BERNSTEIN DIVERSIFIED MUNICIPALS FUND	MT/IG	-0.39	2.16	1.43	3.22	0.46
LTMIX	THORNBURG INVESTORS TRUST LIMITED TERM MUNICIPALS FUND	MT/IG	0.03	1.95	1.34	3.35	0.59
VMPAX.lw	EVERGREEN STRATEGIC MUNICIPALS BOND FUND	LT/IG	0.60	0.82	0.85	2.29	-0.47
VNYTX	VANGUARD NEW YORK LONG TERM TAX EXEMPT FUND	MT/IG	-0.87	1.46	1.18	1.76	-0.99
VWSTX	VANGUARD SHORT TERM TAX EXEMPT FUND	ST/IG	0.66	1.26	1.31	3.26	0.51
VMATX	VANGUARD MASSACHUSETTS TAX EXEMPT FUND	MT/IG	-0.93	1.67	1.54	2.28	-0.48
SNNYX	SANFORD BERNSTEIN NEW YORK MUNICIPALS FUND	MT/IG	-0.31	2.19	1.30	3.20	0.44
HLTAX	JP MORGAN MUNICIPALS INCOME FUND	LT/IG	-0.52	2.09	1.14	2.72	-0.04
SEIMX	SEI TAX EXEMPT TRUST INTERMEDIATE MUNICIPALS FUND	MT/IG	-0.66	1.58	1.01	1.93	-0.83
SZMAX.lw	DWS TAX FREE TRUST INTERMEDIATE TAX AMT FREE FUND	MT/IG	-0.49	2.16	1.42	3.10	0.35
VCADX	VANGUARD CALIFORNIA INTERMEDIATE TERM TAX EXEMPT FUND	MT/IG	-0.46	1.67	1.12	2.34	-0.42
VWAHX	VANGUARD HIGH YIELD TAX EXEMPT FUND	MT/MG	-0.62	0.81	0.51	0.70	-2.06
SCMBX	DWS MUNICIPALS TRUST MANAGED MUNICIPALS BOND FUND	MT/IG	-0.55	2.18	1.04	2.67	-0.08



JNYIX	JP MORGAN NEW YORK TAX FREE BOND FUND	MT/IG	-0.43	2.17	1.59	3.35	0.59
KCTAX.Iw	DWS STATE TAX FREE INCOME CALIFORNIA TAX FREE INCOME FUND	MT/IG	-0.71	2.00	0.78	2.07	-0.69
ETCTX.Iw	EATON VANCE CONNECTICUT MUNICIPALS FUND	LT/IG	-0.86	1.54	0.19	0.86	-1.90
MPMFX	MORGAN STANLEY INSTITUTIONAL MUNICIPALS FUND	MT/MG	-0.24	1.82	0.73	2.32	-0.44
LHIAX.Iw	COLUMBIA SERIES TRUST I HIGH YIELD MUNICIPALS FUND	LT/MG	-0.47	-0.45	-1.97	-2.87	-5.63
FLT MX	FIDELITY SPARTAN INTERMEDIATE MUNICIPALS INCOME FUND	MT/IG	-0.45	2.11	1.52	3.20	0.44
	Average		-0.39	1.39	0.74	1.76	-0.99
	Lehman Muni Bond Index		-0.60	1.82	1.53	2.76	

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