



Q2 2007 Mutual Fund Performance in the Advisor Perspectives Universe

Actively managed mutual funds used by Registered Investment Advisors (RIAs) in the Advisor Perspectives (AP) Universe outperformed their respective benchmarks during the second quarter of 2007, and had above average peer group rankings. Overall, taxable funds did not outperform the S&P 500, but that is a direct consequence of the diversified nature of a portfolio containing these funds, including the fact that nearly 50% of funds in this study hold non-US assets.

The top performing funds included the following:

Ticker	Fund	Q2 Return (%)
EEM	IShares Trust MSCI EMIF	13.00
SRVEX	Victory Diversified Stock Fund	8.98
MACSX	Matthews Asian Growth and Income Fund	8.89
BJBIX	Julius Baer International Equity Fund	8.82
AEPGX	American EuroPacific Growth Fund	8.43
JETAX	Julius Baer International Equity II Fund	8.15

This study examined the 25 mutual funds with the highest market value among the largest accounts in the AP universe. The largest accounts have an average account size of approximately \$3.7 million. Our hypothesis is that RIAs will invest in top performing funds for their largest accounts, and the results of this study – although encompassing only a three month period – confirm this hypothesis. As a point of reference, we also studied the 25 funds with the largest market value in the entire AP universe, with accounts averaging \$900k.

The AP universe contains approximately \$50 billion of assets managed by RIAs on behalf of high net worth (HNW) and ultra-high net worth (UHNW) investors. Approximately 14% of the marketable securities in the AP universe are held in mutual funds (including ETFs) and the remainder is held in individual securities, mostly through separately managed



accounts (SMAs). The funds with the largest market value in the AP universe represent approximately 94% of the assets in the AP universe, so the results from these two data sets are fairly similar.

This study was based on fund holdings within the Advisor Perspectives universe as of March 31, 2007.

For the 25 funds with the largest market value in the largest accounts ([View Data](#)), the key findings were:

- Among the taxable funds, the weighted average return was 5.46%, with a weighted standard deviation of 8.96. The S&P 500, based on the returns from the Vanguard 500 Index Fund (VFIAX) returned 6.26% with a standard deviation of 7.39.
- Actively managed funds outperformed their respective indices by .34% (based on a weighted average). Of the 18 actively managed funds, 11 outperformed their respective benchmarks.
- Actively managed funds ranked in the 47th percentile of their peer groups (based on a weighted average)
- Approximately 49% of the assets in these funds are invested in funds with non-US holdings

The data on the individual funds is shown in Table 1.

For the 25 funds with the largest market value in the AP universe ([View Data](#)), the key findings were:

- Among the taxable funds, the weighted average return was 5.58%, with a weighted standard deviation of 8.84.
- Actively managed funds outperformed their respective indices by .42% (based on a weighted average). Of the 18 actively managed funds, 12 outperformed their respective benchmarks.
- Actively managed funds ranked in the 44th percentile of their peer groups (based on a weighted average)
- Approximately 46% of the assets in these funds are invested in funds with non-US holdings

The data on the individual funds is shown in Table 2.



Table 1 – Q2 2007 Performance for Mutual Funds in the Largest Accounts in the AP Universe

Ticker	Fund	Market Val (\$)	Market Return	% Rank in Cat	Std. Dev.	Ret. v. Index	Index	Share Class	Taxable	Actively Managed
EFA	ISHARES TRUST MSCI EAFE INDEX FUND	216,691,713	5.91	71	9.30				Y	N
VSITX	JP MORGAN INTERMEDIATE TAX FREE FUND	151,351,845	-0.47	21	2.26	0.51	LB Municipal		N	Y
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	123,969,214	6.65	55	10.09	0.25	MSCI EAFE NDTR_D		Y	Y
SPY	S&P DEP RECEIPTS	113,047,625	6.39	29	7.38				Y	N
EWJ	ISHARES MSCI JAPAN IN	97,287,619	-0.41	50	13.28				Y	N
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	86,617,730	8.43	16	9.59	1.82	MSCI EAFE NDTR_E	A	Y	Y
BJBIX	JULIUS BAER INTERNATIONAL EQUITY FUND	73,846,344	8.82	8	11.56	2.42	MSCI EAFE NDTR_E	A	Y	Y
VFIAX	VANGUARD INDEX TRUST 500 INDEX FUND	69,140,407	6.26	43	7.39				Y	N
PTRRX	PIMCO TOTAL RETURN FUND	63,720,873	-0.15	95	3.00	-0.51	LB Aggregate	Inst	Y	Y
MACSX	MATTHEWS ASIAN GROWTH AND INCOME FUND	62,097,622	8.89	99	8.99	2.49	MSCI EAFE NDTR_E		Y	Y
FESOX	FIRST EAGLE SOGEN OVERSEAS FUND	58,125,408	3.76	82	7.15	-2.64	MSCI EAFE NDTR_D	Inst	Y	Y
DODGX	DODGE AND COX STOCK FUND	55,118,892	5.41	70	7.46	-0.87	S&P 500 TR		Y	Y
PRRDY	PIMCO REAL RETURN FUND	54,118,785	-1.37	86	4.24	-0.38	LB Aggregate	Inst	Y	Y
EEM	ISHARES TRUST MSCI EMIF	50,728,041	13.00	67	17.31				Y	N
GLD	STREETTRACKS GOLD TRUST	48,246,127	-2.24	34	n/a				Y	N
XLG	RYDEX RUSSELL TOP 50 ETF	41,662,697	6.07	37	n/a				Y	N
FRIAX	FRANKLIN TEMPLETON CUSTODIAN INCOME FUND	40,598,068	2.47	23	5.60	-2.40	Dow Jones Moderate Port	Advisor	Y	Y
VMLTX	VANGUARD LIMITED TERM TAX EXEMPT FUND	39,220,396	0.20	51	1.13	1.10	LB Municipal		N	Y
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	39,190,113	7.77	28	10.2	1.37	MSCI EAFE NDTR_D		Y	Y
SRVEX	VICTORY DIVERSIFIED STOCK FUND	39,169,719	8.98	11	8.51	2.70	S&P 500 TR	Inst	Y	Y
JETAX	JULIUS BAER INTERNATIONAL EQUITY II FUND	36,131,630	8.15	23	n/a	1.75	MSCI EAFE NDTR_D	A	Y	Y
NHMAX	NUVEEN HIGH YIELD MUNICIPALS BOND FUND	35,673,031	-0.67	78	2.41	0.31	LB Municipal	A	N	Y
AGRBX	GROWTH OF AMERICA FUND	34,690,181	7.71	24	8.75	1.43	S&P 500 TR	A	Y	Y
SWHEX	SCHWAB HEDGED EQUITY FUND	34,679,068	4.06	27	5.63	-2.22	S&P 500 TR		Y	Y
ARTIX	ARTISAN INTERNATIONAL FUND	32,473,169	5.53	84	10.10	-0.87	MSCI EAFE NDTR_D		Y	Y



Table 2 – Q2 2007 Performance for Mutual Funds in the AP Universe

Ticker	Fund	Market Val (\$)	Market Return	% Rank in Cat	Std. Dev.	Ret. v. Index	Index	Share Class	Taxable	Actively Managed
EFA	ISHARES TRUST MSCI EAFE INDEX FUND	219,564,536	5.91	71	9.30				Y	N
VSITX	JP MORGAN INTERMEDIATE TAX FREE FUND	151,359,743	-0.47	21	2.26	0.51	LB Municipal		N	Y
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	125,259,749	6.65	55	10.09	0.25	MSCI EAFE NDTR_D		Y	Y
SPY	S&P DEP RECEIPTS	115,420,297	6.39	29	7.38				Y	N
AEPGX	AMERICAN EUROPACIFIC GROWTH FUND	99,761,186	8.43	16	9.59	1.82	MSCI EAFE NDTR_E	A	Y	Y
EWJ	ISHARES MSCI JAPAN IN	97,550,025	-0.41	50	13.28				Y	N
BJBIX	JULIUS BAER INTERNATIONAL EQUITY FUND	80,076,421	8.82	8	11.56	2.42	MSCI EAFE NDTR_E	A	Y	Y
VFIAX	VANGUARD INDEX TRUST 500 INDEX FUND	77,130,306	6.26	43	7.39				Y	N
PTRRX	PIMCO TOTAL RETURN FUND	72,892,518	-0.15	95	3.00	-0.51	LB Aggregate	Inst	Y	Y
MACSX	MATTHEWS ASIAN GROWTH AND INCOME FUND	69,753,082	8.89	99	8.99	2.49	MSCI EAFE NDTR_E		Y	Y
AGTHX	GROWTH OF AMERICA FUND	65,941,545	7.71	24	8.75	1.43	S&P 500 TR	A	Y	Y
DODGX	DODGE AND COX STOCK FUND	64,284,656	5.41	70	7.46	-0.87	S&P 500 TR		Y	Y
SGOIX	FIRST EAGLE SOGEN OVERSEAS FUND	62,149,402	3.76	82	7.15	-2.64	MSCI EAFE NDTR_D	Inst	Y	Y
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	60,528,222	7.77	28	10.20	1.37	MSCI EAFE NDTR_D		Y	Y
PRRIX	PIMCO REAL RETURN FUND	57,785,752	-1.37	86	4.24	-0.38	LB Aggregate	Inst	Y	Y
EEM	ISHARES TRUST MSCI EMIF	51,491,207	13.00	67	17.31				Y	N
GLD	STREETTRACKS GOLD TRUST	48,563,778	-2.24	34	n/a				Y	N
XLG	RYDEX RUSSELL TOP 50 ETF	47,592,524	6.07	37	n/a				Y	N
FRIAX	FRANKLIN TEMPLETON CUSTODIAN INCOME FUND	46,907,291	2.47	23	5.60	-2.40	Dow Jones Moderate Port	Advisor	Y	Y
VIDSX	VICTORY DIVERSIFIED STOCK FUND	45,849,139	8.98	11	8.51	2.70	S&P 500 TR	Inst	Y	Y
FEQIX	FIDELITY EQUITY INCOME FUND	45,529,646	7.31	15	7.49	1.03	S&P 500 TR	A	Y	Y
VMLTX	VANGUARD LIMITED TERM TAX EXEMPT FUND	40,359,835	0.20	51	1.13	1.10	LB Municipal		N	Y
SWHEX	SCHWAB HEDGED EQUITY FUND	40,096,884	4.06	27	5.63	-2.22	S&P 500 TR		Y	Y
FCNTX	FIDELITY CONTRAFUND FUND	38,953,671	7.50	29	9.20	1.22	S&P 500 TR		Y	Y
NHMAX	NUVEEN HIGH YIELD MUNICIPALS BOND FUND	38,936,175	-0.67	78	2.41	0.31	LB Municipal	A	N	Y



Notes:

1. The ticker symbols shown in Tables 1 and 2 may differ from those shown on the Advisor Perspectives web site. The symbols shown above were based on the most appropriate share class for this study. The Advisor Perspectives web site shows holdings consolidated across all share classes. The ticker symbol shown on the web site is the first one alphabetically for the fund.
2. All return data in the above tables was obtained from Morningstar.
3. Standard deviation, a measure of volatility, is computed based on three years of return history. Those funds not reporting a standard deviation do not have sufficient history for this computation.
4. Weighted average returns and standard deviations are computed using the market values of the funds as their weighting factors.