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**Cc:**

**Date:** Tuesday, April 17, 2007 11:29 am

**Subject:** 2007 Mutual Fund Report

Dear client, colleague, and/or friend,

Every spring I skim the cream off the mutual fund market and share the results. Accordingly, enclosed please find the Making End\$ Meet twelfth annual mutual fund review. Its purpose is to define excellence, and take a reality check. It is not a recommendation, although I do use it to choose my own investments. I share it with you as a courtesy, and to demonstrate that I am knowledgeable about investments even though I do not sell them. As your Lifetime Savings Plan makes assumptions about return on investment, I believe it is wise to regularly ground assumptions to actual market results.

This year's report is much simplified. Although I still track cumulative historic results in a database, I have decided to present only this year's numbers. If you have questions about history, you may contact me, and you may also get more current details from [Morningstar](#). The scope of this year's report is limited to ticker symbol, name, class, return, and inception date.

It contains thirty-seven funds gleaned from a market of over 20,000, sorted from long- to short-term returns and grouped as follows:

A - Returns were in the top 1% of all performance horizons, both long- and short-term.

B - Returns were in the top 1% of the 1, 3, and 5-year horizons

C - Returns were in the top 1% of the 1 and 3 year horizons.

D - Honorable mention: funds which qualified to be on the report in prior years and are still performing above the long-term (10 year) threshold.

This year's top 1% thresholds were:

1 year 31.8%

3 year 28.85%

5 year 25.2%

10 year 14.7%

In other words, of the 20,000 funds tracked, 200 attained the above returns or higher. Of these, thirty-seven attained two or more thresholds simultaneously.

Of these thirty-seven funds, there were five A's, seven B's, four C's, and twenty-one D's. I used to only disclose categories A through C, but over time I learned that price, or Net Asset Value (NAV), peaks with performance. Consequently, funds are at their highest price (a poor time to buy, or "performance chasing") when they qualify to be on the report. It's better to simply note the peak performance, then follow up later to ascertain whether the peak was an exception or a rule in the fund's overall track record. That is why I developed the fourth Honorable Mention category (which is now the largest), to follow up on previously excellent-performing funds. It is also why, again, this report is not a recommendation to buy.

Morningstar classifies its funds into economic sectors. The thirty-seven funds in this year's report were

spread across fifteen different sectors. Here's the breakdown in descending order:

Real Estate	8	Utilities	2
Latin American Stock	5	Large Value	1
Natural Resources	4	Medium Growth	1
European Stock	3	Mid-Cap Value	1
Financial	3	Pacific Rim / Asia	1
Div Emerging Mkts	2	Precious Metals	1
Small Blend	2	Small Value	1
Technology	2		

These sector trends are worth noting, because they tell us not just about particular funds, fund companies, and fund managers, but they also tell us about the general economy, both foreign and domestic. And as previously mentioned, sectors heat up for two to five year stretches, then subside, so from an investing point of view, it would be wise to pay close attention to sector behavior.

During this year's research, one thing that was especially remarkable to me was all the changes various fund companies have undergone. I didn't keep strict track, but it seemed as though almost every company had changed something: physical address, (some to a different office in the same building, others to the opposite coast) web address, or telephone number. I do not know why, but it was conspicuous. Perhaps I'll have more to share on that later.

Please use this report in good health, feel free to pass it around and use it to introduce me to others you know who could use my help. Meanwhile, please accept my best wishes for a prosperous, healthy, and peaceful 2007. As always, it is a pleasure and a privilege to serve you. Thank you for your confidence.

Kind regards,

Kris Freeberg, Economist

[Making End\\$ Meet](#)

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## Top 1% Mutual Funds, Sorted from Long-Term to Short-Term Return

Data as of 03/31/07

Ticker	Name	Class	1	3	5	10	Min Invest	Began
	<b>A - Top 1% All Perf. Horizons</b>							
LETRX.lw	ING Russia A load waived	EurStock	36.9	34.5	40.5	17.8	\$1,000	07/03/96
PRLAX	T. Rowe Price	LatinAmStck	38.3	49.6	33.8	17.0	\$2,500	12/29/93

	Latin America								
MALTX	Black Rock Latin Am. I	LatinAmStck	38.5	50.0	35.2	16.4	\$2,000,000	10/21/94	
MDLTX.lw	Black Rock Latin America A Load Waived	LatinAmStck	36.2	48.6	34.6	16.1	\$1,000	09/27/91	
EGLRX	Alpine US Real Estate Equity	SpcReal	31.8	30.9	28.8	15.9	\$1,000	02/01/89	
	<b>B - Top 1% 1,3&amp;5 Yr. Perf.</b>								
FLATX	Fidelity Latin America	LatinAmStck	32.7	46.5	32.5	13.9	\$2,500	04/20/93	
HFEAX	Henderson European Focus A	EurStock	33.3	28.9	30.9		\$500	08/31/01	
DEMSX	DFA Emerging Markets Small Cap	Div Emrg Mkt	32.2	30.8	30.1		\$2,000,000	03/05/98	
SLANX	DWS Latin America Equity AARP	LatinAmStck	33.8	45.4	29.3		\$1,000	10/02/00	
PURAX.lw	Dryden Global Real Estate load waived	SpcReal	34.8	31.6	27.4		\$1,000	05/05/98	
PURAX	Strategic Prtnrs Real Est A	SpcReal	35.4	33.3	26.9		\$1,000	05/05/98	
IGLAX.lw	ING Global Real Estate load-waived	SpcReal	34.0	29.4	26.3		\$1,000	11/05/01	
	<b>C - Top 1% 1&amp;3 Yr. Perf.</b>								
EVUAX	Evergreen Utility & Telecomm A	SpcUtil	39.8	29.1	19.1	12.0	\$1,000	01/04/94	
REPIX	ProFunds Real Estate Ultra Sector	SpcReal	36.7	32.4	23.7		\$15,000	06/19/00	
UTPIX	ProFunds Utilities Ultrasector Inv	SpcUtil	51.7	29.4	12.5		\$15,000	07/26/00	
IVRIX	ING Van Kampen Real Estate I	SpcReal	33.4	31.4				05/01/03	

**Honorable Mention: Mutual Funds from Prior Year's Reports  
with Top 1% Long-Term Performance,  
Sorted by 10-year Return  
Data as of 03/31/07**

<b>Ticker</b>	<b>Name</b>	<b>Class</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>10</b>	<b>Min Invest</b>	<b>Began</b>
EUROX	U.S. Global Inv E. Europe	EurStock	21.6	34.3	40.4	20.7	\$5,000	03/31/97
CGMRX	CGM Real Estate	SpcReal	20.5	29.8	31.6	19.6	\$2,500	05/13/94
CVGRX	Calamos Growth A	MdGrowth	-1.9	7.4	10.5	18.8	\$2,500	09/04/90
MVALX	Meridian Value	SmBlend	13.5	11.3	12.0	18.4	\$1,000	02/10/94
FSLBX	Fidelity Select Brokerage & Inv	SpcFin	10.9	19.2	15.8	18.0	\$2,500	07/29/85
PGNAX	Jennison Natural Resources A	SpcNatR	16.2	36.8	30.5	18.0	\$1,000	01/22/90
ODMAX	Oppenheimer Dvlpg Mkts A	Div Emrg Mkt	20.1	33.7	28.6	17.6	\$50,000	11/18/96
VGEXX	Vanguard Energy	SpcNatR	12.1	32.7	26.3	17.4	\$25,000	05/23/84
UNSCX	W&R Science & Tech A	SpcTech	8.2	12.9	11.1	16.3	\$500	05/16/50
DFSVX	DFA US Sm Cap Value	SmValue	12.8	17.0	16.8	16.2	\$2,000,000	03/01/93
DRGTX	Allianz RCM Glob Tech Instl	SpcTech	-0.6	8.3	10.5	16.1	\$5,000,000	01/01/95
FSNGX	Fidelity Select Natural Gas	SpcNatR	14.2	32.7	23.4	16.1	\$2,500	04/21/93
OAKLX	Oakmark Select I	LgValue	10.4	8.8	7.5	16.1	\$1,000	11/01/96
USAGX	USAA Precious Metals & Minrl	SpcPrcM	22.9	28.5	32.1	15.7	\$3,000	08/15/84
SSRAX	Black Rock Aurora Invest A	SmBlend	11.9	9.3	8.9	15.5	\$1,000	02/13/95
EUEYX	Alpine US Real Estate Equity	SpcReal	-2.4	12.7	18.3	15.1	\$1,000	09/01/93
FSAIX	Fidelity Select Air Transportation	MdCapValue	13.5	21.4	9.9	15.1	\$2,500	12/16/85
FSESX	Fidelity Select Energy Service	SpcNatR	3.3	31.8	19.3	14.9	\$2,500	12/16/85
ETGIX.lw	Eaton Vance Greater India A Load Waiv	Pac/Asia	13.7	31.5	36.7	14.9	\$1,000	05/02/94
FBRSX	FBR Small Cap Financial A	SpcFin	-0.6	3.7	11.2	14.8	\$2,000	12/31/96
FSPCX	Fidelity Select Insurance	SpcFin	11.6	8.8	9.5	14.7	\$2,500	12/16/85

**Attachments:**