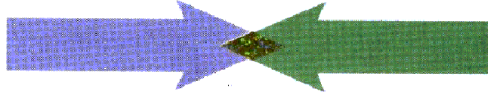


Making End\$ Meet 2008 Mutual Fund Report & Annual Newsletter



www.makinendsmeet.com

Dear client, colleague, and/or friend,

Spring 2008

Return on Investment (ROI) is the most consequential variable in anyone's economy – even more consequential than the timing or amount of Retirement. That is why, every spring, I skim the cream off the mutual fund market and share the results. This is the thirteenth annual report.

Like last year's report, this year's is much simplified. While I maintain cumulative historic results in a database, for the sake of brevity and simplicity I'm showing 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](#).

It contains fifty-one funds gleaned from a market of over 25,600, sorted from long- to short-term returns and grouped as follows:

- A - Returns were in the top 200 of all performance horizons, both long- and short-term.
- B - Returns were in the top 200 of the 1, 3, and 5-year horizons
- C - Returns were in the top 200 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 10%.

This year's top 200 average annual return criteria were:

1 year	27.4%
3 year	28.5%
5 year	33.3%
10 year	14.1%

In other words, of the 25,600 funds tracked, 200 attained the above returns or higher. Of these, nineteen attained or exceeded two or more criteria simultaneously.

Of these fifty-one funds, there were eighteen A's, one B, no C's, and thirty-two 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 funds.

Making End\$ Meet 2008 Mutual Fund Report & Annual Newsletter

Morningstar classifies its funds into economic sectors. The fifty-one funds in this year's report were spread across fifteen different sectors. Here's the breakdown in descending order:

Natural Resources	10
Precious Metals	9
Diversified Emerging Markets	6
European Stocks	5
Latin American Stocks	5
Emerging Markets Bonds	3
Mid-Cap Growth	2
Real Estate	2
Small Blend	2
Technology	2
Large Blend	1
Medium Blend	1
Small Value	1
Multi-Sector Bond	1
Pacific Rim / Asia	1

In the chart at the end of this report (“Top Performing Mutual Fund Summary by Class, 1996-2008”), these sector trends are also put into historic perspective.

Other News

Announcing a New Service: the Portfolio Optimization Plan (POP). After over twelve years researching this data, I have decided to put it to work on a limited basis through a new service called the Portfolio Optimization Plan. Using this research, I am available to help improve your portfolio's return on investment. As compensation, instead of commission on sale of products, fee as a percentage of assets, or hourly consulting fee, I receive a *percentage of improvement over a finite term* (either one or two years.) Thus in terms of fees, there is no downside: I'm only paid if you enjoy improvement. Our interests are absolutely congruent. For more details, please contact me.

Your Money or Your Life. Over the past couple of months I reviewed Your Money or Your Life by Dominguez & Robin, and its sequel Getting a Life by Blix & Heitmiller. Both books were written by local (Washington State) authors in the early-mid nineties. The first book presented the theory, and the second gave examples of consequential practice.

The focus of both books is reaching Financial Independence, Intelligence, and Integrity or “FI” through a series of nine steps:

Making End\$ Meet 2008 Mutual Fund Report & Annual Newsletter

The Nine Steps in Your Money or Your Life

1. *Make peace with the past.*
 - (a) *See how much you've earned in your life*
 - i. *Financial statement review*
 - ii. *Social Security Administration statement*
 - (b) *See what you have to show for it.*
2. *Be in the present by tracking your "life energy."*
 - (a) *Compute your net hourly rate, after all direct and indirect expenses*
 - (b) *Keep track of every cent that comes in or out of your life.*
3. *Tabulate Earned Income, Investment Income, and Expenses (both categorized and in total) on a monthly basis. Learn where your money is going.*
4. *Ask yourself these three questions:*
 - (a) *Did I receive fulfillment, satisfaction, and value in proportion to the life energy spent?*
 - (b) *Is this expenditure of life energy in alignment with my values and life purpose?*
 - (c) *How might this expenditure change if I didn't have to work for a living?*
5. *Make your "life energy" visible by tracking Earned Income, Investment Income, and Total Expenses on a wall chart.*
6. *Minimize Spending.*
7. *Maximize Income.*
8. *Recognize the "Crossover Point" - at which Investment Income = Total Expenses. This is Financial Independence (FI).*
9. *Manage Your Investments.*

Key themes running through many of these steps, and throughout both books, include:

- Deliberate living or "frugality" (not to be confused with austerity)
- Optimality (Dominguez calls it "enoughness")
- Accurate accounting & regular reporting
- Aggressive saving
- Intelligent, attentive investing

In a nutshell, the authors of the second book, self-named "Bellevue yuppies" weary of the rat race, simplified, downsized, and by otherwise maximizing income and minimizing expenses, amassed an investment portfolio of about \$350K yielding just under 10%, and, having driven annual living expenses down to the \$30K realm, lived entirely on their investment income. They quit their jobs and devoted themselves to their most heartfelt relationships and causes.

I wholeheartedly applaud this approach, and am available as a resource to help you, or anyone you know, develop the themes that led to their success. I found only two problems with it:

- They eschewed planning and budgeting, misunderstanding them as limit-imposing exercises. Consequentially,
- They ignored inflation.

Making End\$ Meet 2008 Mutual Fund Report & Annual Newsletter

Still, by most people's standards their accomplishment is enviable and to be applauded – a most excellent first step. I heartily recommend both books. For more information, see www.newroadmap.org.

Other books on my to-read list include:

Shattering the Two-Income Myth: Daily Secrets for Living Well on One Income by Andy Dappen

Making Up for Lost Time: Speed Investing for a Secure Future by Adriane Berg

Start Late, Finish Rich: A No-Fail Plan for Achieving Financial Freedom at Any Age by David Bach

Please stand by for reviews of these books later this year.

Meanwhile if there are any books of economic interest you've been wishing you had the time to read but just haven't been able to get around to it, please let me know. Let me leverage your interest by reading them for you and publishing a concise review that will benefit not only yourself, but many others too.

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 2008. As always, it's my pleasure and privilege to serve you. Thanks for your continuing confidence.

Kind regards,

Kris Freeberg

Making End\$ Meet 2008 Mutual Fund Report & Annual Newsletter

Top Performing Mutual Funds Data Courtesy of Morningstar.com as of 03/31/08 Sorted by 10-year return

Ticker	Name	Class	Risk	Average Annual Returns				Minimum	Began	NAV	
				1	3	5	10			3/08	3/07
A - Top 1% All Performance Horizons:											
CGMFX	CGM Focus	LgBlend	High	54.8	29.4	37.5	23.3	\$2,500	09/03/97	\$49.39	\$39.67
USAGX	USAA Precious Metals & Minrl	SpcPrcM	Med	35.3	42.7	37.7	22.5	\$3,000	08/15/84	\$35.94	\$30.37
PGNAX	Jennison Natural Resources A	SpcNatR	Med-Hi	36.8	34.0	37.2	22.0	\$1,000	01/22/90	\$59.83	\$15.74
CGMRX	CGM Real Estate	SpcReal	High	29.0	29.3	39.5	20.1	\$2,500	05/13/94	\$31.12	\$28.78
EKWAX.lw	Evergreen Precious Metals	SpcPrcM	Med-Hi	30.3	35.7	34.2	19.8	\$1,000	01/20/98	\$69.58	
SSGRX	Black Rock Global Rsrces A	SpcNatR	High	31.0	24.0	39.8	19.2	\$1,000	03/02/90	\$59.59	\$55.36
PSPFX	U.S. Global Inv. Global Res.	SpcNatR	Med-Hi	30.1	27.0	44.7	18.7	\$5,000	07/28/83	\$16.93	\$16.26
SCGDY	DWS Gold & Precious Metals S	SpcPrcM	Med	31.8	31.8	34.1	18.6	\$2,500	09/02/88	\$23.35	\$21.74
MALTX	Black Rock Latin Am. I	LatinAmStck	High	35.8	47.3	51.5	18.5	\$2,000,000	10/21/94	\$65.57	\$60.46
PRLAX	T. Rowe Price Latin America	LatinAmStck	Med	38.8	50.0	50.7	18.4	\$2,500	12/29/93	\$52.82	\$41.27
MDLTX.lw	Black Rock Latin America A Load Waived	LatinAmStck	High	35.5	47.0	51.1	18.2	\$1,000	09/27/91	\$64.86	\$59.38
MAGRFX	BlackRock Nat Rsrces I	SpcNatR	Med-Hi	34.8	25.9	32.0	17.8	\$2,000,000	10/24/88	\$71.45	\$57.81
INIVX.lw	Van Eck Intl Investors Gold	SpcPrcM	Med-Hi	32.3	40.1	33.7	16.8	\$1,000	02/10/56	\$18.69	
SLAFX	DWS Latin America Equity S	LatinAmStck	Med	36.9	44.7	44.9	15.7	\$2,500	12/08/92	\$70.24	\$63.72
FLATX	Fidelity Latin America	LatinAmStck	Med-Lo	38.1	45.5	49.3	15.5	\$2,500	04/20/93	\$61.33	\$48.70
GBEMX.lw	RS Emerging Markets A lw	Div Emrg Mkt	Med-Hi	31.2	34.6	38.4	15.3	\$2,500	05/01/97	\$25.50	
GHAAX	Van Eck Global Assets A	SpcNatR	Med-Lo	34.8	33.7	37.4	14.7	\$1,000	11/07/94	\$49.16	\$43.23
USERX	U.S. Glb Inv Gold & Precious Metals	SpcPrcM	High	28.7	36.9	34.4	14.6	\$5,000	07/01/74	\$16.95	
B - Top 1% 1,3&5 Yr. Performance Horizons:											
IENAX	AIM Energy A	SpcNatR	Med	36.5	27.9	32.9		\$1,000	03/28/02	\$45.86	\$43.35
D - Honorable Mention:											
EUROX	U.S. Global Inv E. Europe	EurStock	High	11.6	28.6	40.6	20.1	\$5,000	03/31/97	\$43.48	\$49.38
LETRX.lw	ING Russia A load waived	EurStock	High	16.9	45.6	43.2	19.2	\$1,000	07/03/96	\$64.28	\$64.95
ODMAX	Oppenheimer Dvlpg Mkts A	Div Emrg Mkt	Med	21.9	28.9	39.1	18.5	\$50,000	11/18/96	\$45.08	\$44.07
SGGDY.lw	First Eagle Gold lw	SpcPrcM	Low	26.9	27.3	24.1	18.2	\$2,500	08/31/93	\$24.92	\$22.17
ICENX	ICON Energy	SpcNatR	Med-Hi	20.9	20.8	30.8	18.1	\$1,000	11/05/97	\$31.41	\$35.06
DEMSX	DFA Emerging Markets Small Cap	Div Emrg Mkt	Med	13.1	27.0	36.0	17.5	\$0	03/05/98	\$19.69	\$19.59
FSNGX	Fidelity Select Natural Gas	SpcNatR	Med-Hi	30.5	24.3	31.6	17.5	\$2,500	04/21/93	\$50.49	\$42.68
VGENX	Vanguard Energy	SpcNatR	Med-Lo	27.1	24.7	32.2	17.4	\$25,000	05/23/84	\$76.87	\$68.56
OCMGX	OCM Gold	SpcPrcM	Med	26.0	32.9	26.8	16.4	\$1,000	02/05/88	\$21.66	\$19.15
ETGIX.lw	Eaton Vance Greater India A Load Waiv	Pac/Asia	High	24.1	29.7	42.3	16.4	\$1,000	05/02/94	\$25.12	\$25.23
SNEMX	Bernstein Emrgng Mkts Value	Div Emrg Mkt	Med	18.9	26.8	28.4	16.0	\$25,000	12/15/95	\$37.91	\$41.35
UNWPX	USGI WrldPrecMineral	SpcPrcM	High	22.9	35.7	40.2	14.7	\$5,000	08/29/85	\$26.62	\$29.40
AEDAX	AIM European Growth A	EurStock	Med-Hi	-1.1	18.2	26.5	14.3	\$1,000	11/03/97	\$39.77	\$45.06
CVGRX	Calamos Growth A	MdGrowth	High	7.7	8.8	15.1	14.2	\$2,500	09/04/90	\$52.33	\$56.38
MVALX	Meridian Value	SmBlend	Med-Lo	-2.1	8.3	14.3	13.7	\$1,000	02/10/94	\$30.16	\$37.55
DFCSX	DFA Continental Small Company I	EurStock	Med	-3.0	21.1	32.8	13.7	\$2,000,000	07/01/88	\$21.16	\$23.81
FSESX	Fidelity Select Energy Service	SpcNatR	High	35.0	28.1	29.4	13.6	\$2,500	12/16/85	\$96.59	\$74.33
AEDCX	AIM European Growth C	EurStock	Med-Hi	-1.8	17.3	25.6	13.5	\$1,000	11/03/97	\$37.37	\$42.57
INPMX	Riversource Precious Metals A	SpcPrcM	Med	16.1	28.6	26.8	13.3	\$2,000	04/22/85	\$12.19	\$14.82
MEDAX	MFS Emer Mkts Debt A	EmMktsBnd	Med-Lo	3.7	10.4	12.1	12.9	\$1,000	03/17/98	\$13.75	\$14.31
LZOEX	Lazard Emerging Mkts Open	Div Emrg Mkt	Med-Lo	21.8	31.3	38.2	12.9	\$10,000	01/08/97	\$23.40	\$22.43
PAEMX	PIMCO Emer Mkts Bond A	EmMktsBnd	Med	5.3	10.0	11.3	12.6	\$5,000	07/31/97	\$10.76	\$11.75
UNSCX	W&R Science & Tech A	SpcTech	Low	9.8	14.3	17.5	12.4	\$500	05/16/50	\$10.40	\$11.88
RYOTX	Royce Micro-Cap Inv.	SmBlend	Med-Hi	-3.5	13.0	20.9	11.4	\$2,000	12/31/91	\$14.86	\$18.60
DRGTX	Allianz RCM Glob Tech Instl	SpcTech	Med-Hi	9.3	11.1	19.3	11.3	\$5,000,000	01/01/95	\$43.52	\$41.96
EGLRX	Alpine Internat'l Real Estate Equity	SpcReal	Med	-15.8	13.0	25.9	11.2	\$1,000	02/01/89	\$34.56	\$44.54
TGVOX	TCW Value Oppty's I	MdBlend	Med-Hi	-8.8	5.1	14.1	11.1	\$2,000	11/03/97	\$18.64	\$24.03
SITEX	SEI Internat'l Emer Mkts A	EmMktsBnd	Med	3.4	11.1	13.4	11.0	\$100,000	06/26/97	\$10.36	\$11.04
MXAIX	5th 3rd Microcap Value Instl	SmValue	Med-Hi	-15.4	.9	15.2	10.8	\$1,000	02/02/98	\$3.71	\$7.31
AGDAX	AllianceBernstein High Income A	MultiSecBnd	High	2.4	9.7	12.1	10.3	\$2,500	02/25/94	\$8.29	\$8.91
UMEMX	Columbia Emerging Markets Z	Div Emrg Mkt	Med-Hi	16.0	26.8	34.2	10.1	\$2,500	01/02/98	\$15.52	\$14.74
FMILX	Fidelity New Millennium	MdGrowth	Med-Hi	1.1	10.9	13.2	10.0	\$2,500	12/28/92	\$26.46	\$30.09

Making End\$ Meet 2008 Mutual Fund Report & Annual Newsletter

Top Performing Mutual Fund Summary by Class, 1996-2008

Minimum ROI Criteria:	<u>96</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>00</u>	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>
1 Yr	45.0	29.7	59.0	55.4	80.0	17.0	22.0	14.7	84.5	23.8	54.0	31.8	27.4
3 Yr	22.5	22.8	34.7	31.3	40.0	16.0	20.0	13.7	22.1	19.8	47.0	28.9	28.5
5 Yr	19.5	18.1	23.5	27.1	29.0	19.0	17.0	7.8	19.0	17.8	26.0	25.2	33.3
10 Yr	14.7	14.0	19.8	19.2	20.0	16.0	14.0	10.0	13.2	13.9	15.3	14.7	14.1

Class	<u>96</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>00</u>	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	Sum	Freq Rank
Blend:															
Large	3	2	11	1									1	18	5
Medium			4			1			1	1			1	8	10
Small			2			2	4		3				2	13	7
Growth:														0	
Large		1	10	9	1									21	3
Medium	2		3	2	4								2	13	7
Small	3		2		1	2	1		2					11	9
Specialized:														0	
Communications			2	2										4	13
Diverse Emerging Markets									3	3	6	1	6	19	4
Emerging Market Bonds		1					1	6					4	12	8
European Stocks							1		1	6	3	3	5	19	4
Foreign Stocks										4				4	13
Financial	1	4	10				1							16	6
Health Care	2		1			1								4	13
Japanese Stocks											1			1	15
Latin American Stocks										2	4	2	5	13	7
Long Gov't Bonds								2						2	14
Natural Resources		1				1				10	6		10	28	1
Pacific Rim / Asia											3	1	1	5	12
Precious Metals	2							3	3		6		9	23	2
Real Estate									1	6		7	2	16	6
Technology	2	1		5	8				1				2	19	4
Utilities												2		2	14
Value:														0	
Large			2			4								6	11
Mid-Cap						1								1	15
Small			1				3		3				1	8	10
Totals	15	10	48	19	14	12	11	11	18	32	29	16	51	286	