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Publication: Asheville Citizen-Times
Day: TUESDAY
Section: W
Page: 5
Keyword: COLUMNS

Date: 11/14/2005
Edition: FINAL
Sectionname: WNC Business
Byline: BY WARREN W. WALL

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Generally people love to talk about their investment successes. You may overhear them in the grocery store, while you are trying to eat lunch at the coffee shop or even as you're relaxing around the pool.

However, learning about someone else's mutual fund earning double-digit returns, while the fund you own does not have such bragging rights can be disturbing. But should you really take what you hear to heart and dump your fund?

You need to put a fund's returns into the proper perspective with an index of relevant stocks or bonds. These investment benchmarks are valuable tools to evaluate how well your investments weigh against the particular market they represent. And the Securities and Exchange Commission requires mutual fund companies to include comparable return information from an appropriate benchmark in fund prospectuses.

No one benchmark covers all investments. For instance, the SP500 is a widely-used gauge of large-cap, U.S.-based stocks. But if you own a small-cap mutual fund, you might want to refer to the NASDAQ Composite. This index covers about 5000 stocks but is skewed toward technology stocks.

For the bond funds in your portfolio, the Lehman Brothers Aggregate Bond Index can be a good yardstick. It contains almost 7,000 U.S. government and investment-grade corporate bonds with maturities of 1 to 10 years, as well as mortgage and asset-backed securities.

But what if your fund owns stocks and bonds? For example, suppose your fund's holdings are 60 percent large-cap stocks and 40 percent corporate bonds. The manager might put together a blended benchmark that is 60 percent SP500 and 40 percent Lehman Brothers Aggregate Bond Index to mirror the fund's investments. They will also list the indexes' separate returns for the same period.

Whichever index you use, make sure it represents the asset category you want to evaluate. And depending on your portfolio mix you may want to consider benchmarks that measure other asset classes, like international bonds and real estate investment trusts.

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Department: WNC BUSINESS

Docname: wnc biz_wall on street on mutual funds 1114

DC4 Report

Docnumber: 1103729
Source: STORY
Wordcount: 370

Pubdate: 11/14/2005
Typist: Jason Sandford

1-Edit

Author: Jason Sandford
Status: Sent

Datatype: Text