

# The Honor Roll

You get good results from these funds without getting white knuckles in bear markets.

BY WILLIAM HEUSLEIN

**F**unds that earn a place of distinction on the Forbes Honor Roll are like those Thoroughbreds that can run as well on fast tracks as on sloppy ones. Inevitably when investing for the long haul, you're going to experience both bull and bear markets. Odds are that you'll be better off wagering on the funds (and the managers) who've proven themselves in all kinds of weather, on all kinds of tracks.

Consider this: A good number of tech funds are soaring this year. That's fine, but it's still not much consolation to anyone

who invested in them several years ago and is still sitting on huge losses. The longer-term records for these portfolios are lousy. You build your wealth successfully by losing less than others during down markets, even if your returns in up markets are not dynamite.

But what's also clear from this year's Honor class: Even if you're a star in bear markets, you can't be a laggard in bullish times if you want to keep pace and stay on this list.

There was a lot of upheaval among the ranks for the 2003 roster. Only four of the ten funds from the 2002 class man-

1	2	3	4	5
Calamos Growth-A	Mairs & Power Growth Fund	Thompson Plumb Growth Fund	Excelsior Value & Restructuring	Torrey Fund
Multiple managers 800-582-6959	Multiple managers 800-304-7404	Multiple managers 800-999-0887	David Williams 800-446-1012	Multiple managers 800-443-3038
ANNUAL TOTAL RETURN <sup>1</sup> <b>19%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>16%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>15%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>14%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>14%</b>
MARKET PERFORMANCE UP ▲ DOWN ▼ <b>A+ B</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>C A</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>B A</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>B B</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>B B</b>
RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$43,323</b> MAXIMUM SALES CHARGE <b>4.75%</b> ANNUAL EXPENSES PER \$100 <b>\$1.40</b> YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>61%</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$37,461</b> MAXIMUM SALES CHARGE <b>NO LOAD</b> ANNUAL EXPENSES PER \$100 <b>\$0.78</b> YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>1%</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$32,993</b> MAXIMUM SALES CHARGE <b>NO LOAD</b> ANNUAL EXPENSES PER \$100 <b>\$1.15</b> YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>74%</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$31,699</b> MAXIMUM SALES CHARGE <b>NO LOAD</b> ANNUAL EXPENSES PER \$100 <b>\$0.99 a</b> YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>16%</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$31,470</b> MAXIMUM SALES CHARGE <b>NO LOAD</b> ANNUAL EXPENSES PER \$100 <b>\$1.07</b> YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>23%</b>

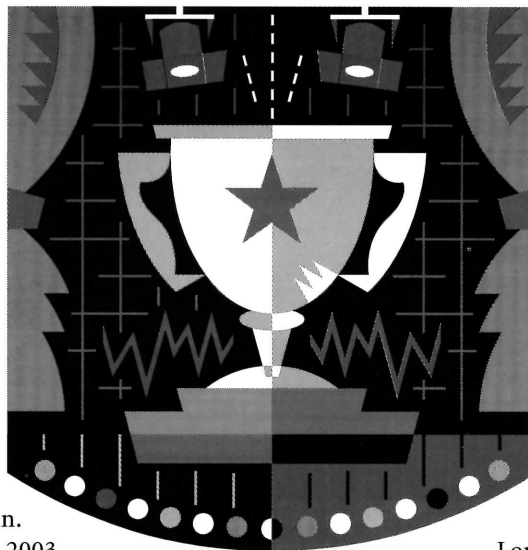
a: Net of absorption of expenses by fund sponsor. <sup>1</sup> Total return (average annual) for domestic funds; from 1/31/94 to 7/31/03 before deducting loads and taxes. <sup>2</sup> Hypothetical value on 7/31/03 of \$10,000 invested 1/31/94, after load and taxes.

Please see attached page for important disclosures.

aged to make the cut this year. Among the newcomers: Excelsior Value & Restructuring, where lead portfolio manager David Williams has done well holding the stocks of companies knocked down by short-term setbacks such as missed earnings or reorganizations.

As always, we look at performance over four market cycles. The recent upturn (we count the current bull market as beginning Oct. 9) shifts the opening of the measurement period forward to Jan. 31, 1994. The ending date is July 31, 2003.

To get on the Honor Roll, an actively managed fund must survive five stringent tests. First it must be awarded a B grade or higher in down markets. This all-important capital preservation test winnows out those funds that claim terrific up-market performance but subject their investors to nerve-racking losses during bearish episodes.



Second, a fund must show continuity of management. The lead manager must have been on the job for at least six years. The third requirement is portfolio diversification—that means no sector funds. Vanguard Health Care Fund is a superb investment but not a suitable core holding.

The fourth requirement is accessibility, which eliminates funds closed to new investors. Wasatch Core Growth Fund and Sequoia Fund are two that would have made the list but for this rule.

Long-term performance is our fifth criterion, measured by the hypothetical results after taxes and sales commissions (if any) for an upper-income investor. In this calculation we figure in tax on distributed capital gains but none on the unrealized appreciation in the fund's shares. You would have at least tripled your money over the past decade with any of the ten funds on this year's list. **F**

6	7	8	9	10
<b>Weitz Partners Value Fund</b>	<b>Weitz Value Fund</b>	<b>FPA Capital Fund</b>	<b>Muhlenkamp Fund</b>	<b>T Rowe Price Mid-Cap Growth</b>
Wallace Weitz 800-232-4161	Wallace Weitz 800-232-4161	Robert Rodriguez 800-982-4372	Ronald Muhlenkamp 800-860-3863	Brian Berghuis 800-225-5132
ANNUAL TOTAL RETURN <sup>1</sup> <b>15%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>15%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>16%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>13%</b>	ANNUAL TOTAL RETURN <sup>1</sup> <b>13%</b>
MARKET PERFORMANCE UP ▲ DOWN ▼ <b>C A</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>C A</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>B A</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>B B</b>	MARKET PERFORMANCE UP ▲ DOWN ▼ <b>B B</b>
RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$31,274</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$30,922</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$30,887</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$30,296</b>	RESULTS ON \$10,000 INVESTED <sup>2</sup> <b>\$30,157</b>
MAXIMUM SALES CHARGE <b>NO LOAD</b>	MAXIMUM SALES CHARGE <b>NO LOAD</b>	MAXIMUM SALES CHARGE <b>5.25%</b>	MAXIMUM SALES CHARGE <b>NO LOAD</b>	MAXIMUM SALES CHARGE <b>NO LOAD</b>
ANNUAL EXPENSES PER \$100 <b>\$1.13</b>	ANNUAL EXPENSES PER \$100 <b>\$1.12</b>	ANNUAL EXPENSES PER \$100 <b>\$0.87</b>	ANNUAL EXPENSES PER \$100 <b>\$1.18</b>	ANNUAL EXPENSES PER \$100 <b>\$0.88</b>
YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>20%</b>	YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>18%</b>	YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>17%</b>	YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>11%</b>	YEARLY PORTFOLIO TURNOVER <sup>3</sup> <b>36%</b>

Assumptions: Capital gains and income distributions are taxed at the highest marginal rate in effect at the time. Loads applied at 7/31/03 rate. <sup>3</sup>Lesser of security sales or purchases divided by average net assets.

ROBERT PIZZO FOR FORBES

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The Thompson Plumb Growth Fund returned 34.79%, 7.16%, 12.89% and 15.13% for the one-year, three-year, five-year and ten-year periods ended 9/30/03 annualized, respectively.

**Past performance does not guarantee future results.** The principal value and investment return of an investment will fluctuate so an investor's shares, when redeemed, may be worth more or less than the initial investment. While the fund is no-load, there are management and distribution fees that do apply. Please see the prospectus for further details.

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