

Panel Discussion
on Mutual Fund Investing
Crooker Investment Forum

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Mutual Fund Strategy

- At 12/31/13, mutual funds make up 10% of portfolio
- Mutual funds are a great source of ideas for individual investment identification
- Serve as a good benchmark to my portfolio

Mutual Fund Considerations

1. Investing Horizon
2. Fund Managers' Philosophy
 - Value vs. growth vs. other criteria
3. Performance History
 - Review the fund's prospectus, quarterly reports and independent research
 - Make sure their interests are aligned with yours
4. Rating Service Opinions
 - Morningstar
 - Lipper Analytical

Investment Horizon and Price Matter

- Investment in mutual funds like individual securities requires patience, because fund strategies may take time to produce results. Consider a minimum of 3 to 5 years.
- Price still matters just like for individual investments. Purchasing and liquidating in steps may improve results. Be aware of unrealized capital gains embedded in any fund which can increase tax liabilities.

Performance Considerations

- While past performance doesn't guarantee future returns, it can provide insight, particularly into the fund's management.
- Look at multi-year performance periods with at least 5 and 10 year periods and since inception if older.
- I like Morningstar Ratings for their one page dashboards summarizing a fund's profile, risk and performance metrics and other useful information.

Morningstar Research Center

(available thru FFX County Library)

- Chart
- Fund Analysis
- Performance
- Rating and Risk
- Management
- Stewardship
- Portfolio Expense
- Tax history
- Purchase Information
- Filings

Current Fund Holdings

		<u>CAGR</u>	<u>S&P</u>
• Tweedy Brown Global Value	(1996)	10.3%	10.2%
• Fairholme Fund	(2005)	7.7%	9.1%
• Longleaf Partners	(2002)	7.3%	8.2%
• Longleaf International	(2004)	7.1%	11.0%