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Mutual funds post major recovery over past year

by Rich Kirchen

Milwaukee-based mutual fund families posted a major recovery in their assets over the past year from March 2009, when assets shrunk due to plummeting stock values and investors fleeing stocks for less-volatile investments.

The rising tide of the stock market has boosted assets, and so has the success of some funds in attracting new investors, experts said. Assets are a major measure of mutual fund performance, and the funds base their fees on assets under management.

The biggest jump in assets for the year ended March 31 was at Fiduciary Management Inc., where assets rose 92.1 percent, to $4.2 billion, according to **Morningstar Inc.**, Chicago. The next-highest increase was at Artisan Funds, at 84.5 percent, resulting in assets of $24.5 billion.

Heartland Funds showed a 71 percent increase, to nearly $2.8 billion, and **Robert W. Baird** & Co. Inc. saw its assets increase 69.5 percent, to nearly $3.9 billion.

To be sure, improved performance accounted for a significant amount of the increased assets.

“It’s performance-driven,” said Maureen Busby Oster of **MBO Cleary Advisors Inc.**, Milwaukee.

However, Ed McIlveen, research director at **Francis Investment Counsel**, Hartland, credits Artisan, Baird and Fiduciary Management with doing a nice job of both performing well and marketing to decision-makers at large investment firms and investment consultants.

“They’ve just done an outstanding job of raising their profile and delivering good, solid performance on their suite of products,” McIlveen said.

Discounting the impact of the rising stock market on assets, Artisan attracted $2 billion in new investments the past year, Baird, more than $1 billion, and Fiduciary Management “several hundred million dollars,” McIlveen said.

Oster agreed that professional investors have noticed the performance of the Milwaukee-based funds and shifted money into them.

The increase in assets at Baird — which is heavily involved in fixed-income, or bond, funds — fits an overall trend the past two years of money flowing into fixed-income funds, Oster said. Net inflows to bond funds have outpaced inflows to stock funds since early 2008, she said.

While the bond funds provide safety today, investors are likely to be disappointed when interest rates rise and returns don’t, Oster said. Bond prices decline when interest rates increase.

The increased assets at Artisan and Fiduciary Management, which are only in stocks, run counter to the investment-flow trend to bonds.

All but one of the Artisan Funds posted a one-year return of less than the 84.5 percent increase in assets, a sign that inflows were contributing to the higher assets. A similar trend was evident for the four Fiduciary Management funds.

STRONG QUARTER

Milwaukee-based mutual funds posted strong results in the first quarter. Here are the best performers.

Top returns

Fund	Category	Return	Percentile
Marshall Small-Cap Growth	Small-cap growth	11.98	2
Fiduciary Focus	Small-cap blended	10.50	9
Heartland Value Plus	Small-cap value	9.61	40
Nicholas Limited Edition	Small-cap growth	9.18	18
Marshall Mid-Cap Growth	Mid-cap growth	9.11	9

Top percentile ranks

Fund	Category	Percentile
Optique International Value	Foreign large-cap value	1
Marshall Small Cap Growth	Small-cap growth	2
Marshall Government Income	Intermediate govt. bonds	6
Fiduciary Provident Trust	Large-cap growth	6
Marshall Mid-Cap Growth	Mid-cap growth	9
Fiduciary Focus	Small-cap blended	9

Source: Morningstar Inc.