

The FA Mutual Fund Madness Tournament Updates and Highlights

The Tape to the Final Funds

2/25/2013 – 3/1/2013

The first round of the Mutual Fund Madness Tournament proved once again that past performance is not an indicator of future results as three #1 seeds were upset in the Equity Bracket and two #1 seeds were upset in Fixed Income Bracket. Our fund managers had to navigate a volatile week in the global markets as investors waited for some hope of rational decision making from the US Government before the sequestration process was order by the President on Friday. In comparison, no #16 seed has ever upset a #1 seed in the history of the NCAA Men's Basketball Tournament.

Weekly Top Fund Performers

The top performance of the week for the Equity Bracket went to the AUER Growth Fund (AUERX) www.auergrowthfund.com and the worst performance to Morgan Stanley Institutional Insight Fund (MFPIX) www.morganstanley.com/im .

In the Fixed Income bracket, perennial powerhouse PIMCO earned top performance in the PIMCO Long-Term Credit Institutional Fund (PTCIX) www.pimco-funds.com and the worst performance went to American Beacon SiM High Yield Opportunity Institutional Fund (SHOIX) www.americanbeaconfunds.com .

Match Ups of the Week

The match up of the week went to a single digit basis point battle between Nuveen Strategic Income Fund (FCBYX) and Goldman Sachs Strategic Income (GZIRX) with Goldman Sachs winning by 3.5 basis points.

The two alternative funds in the tournament where seeded #3 and #14 with the Guggenheim Macro Opportunities (GIOIX) www.rydex-sqi-fp.com topping the managed futures category leading 361 Managed Futures Strategy Fund (AMFZX) www.361funds.com .

Fixed Income Bracket Highlights

The number one performing fixed income fund in the bracket for 2012 – the Chou Income Fund (choix) had a tough week of performance and fell to the Nuveen High Yield Municipal Bond which navigated the week with strong performance.

New comer to the US fixed income scene Ashmore Funds performed well with its Ashmore Emerging Markets Corporate Debt Institutional Fund (EMCIX). Multiple fund winners - PIMCO, Delaware, Oppenheimer and Goldman Sachs dominated the fixed income brackets with their deep fixed income capabilities. Investors must have been running for safety as extended duration bond funds were the strongest performers across the bracket and extended their gains from 2012.

Equity Bracket Highlights

Last year's chart popping Legg Mason Capital Management Opportunity Fund (LMNOX) was the only #1 seed to survive the first round of the tournament. This fund has been on a tear this year with 1st percentile performance ytd. Maybe investors should think about investing in 1 star rated funds.

Artisan, Fidelity and Hotchkis & Wiley produced multiple winning funds this week and are well positioned in the bracket. Three #1 seeds fell this week as volatility made for a very difficult market for international funds. US quality equities proved to be a safe haven amongst the volatility of the global markets. US small caps were hit hard and perennial power house value manager and comeback fund of 2012 - the Fairholme fund was hit hard by the markets maniac performance for the first week of competition. PIMCO'Stocks Plus product line up made a strong showing with their long duration strategy (PSLDX) providing a valuable tail wind in this unstable market as investors fled to the safety of US treasuries.

What to Expect Next Week

Next week should be exciting as the tournament enters the second round of performance and the sequestration becomes a household term and safety becomes a performance advantage... or will the markets shrug off the media and Washington and continue its move forward with the more aggressive surviving small cap and international funds moving ahead. Check back next week to see if safety trumps risk or risk trounces safety.