

The FA Mutual Fund Madness Tournament Updates and Highlights

The Tape to the Final Funds

The SWEET 16 Round is Over

Round 3: 3/11/2013 – 3/15/2013

The third round of the SWEET 16's of the Mutual Fund Madness Tournament is done! Now we move to the ELITE 8 Round. The tournament's overall #1 seed equity fund and only remaining #1 seeded equity fund (Legg Mason Capital Opportunity) lost a tough battle to the Hotchkis & Wiley Mid-Cap Value Fund which has been crushing the S&P 500 this year with year-to-date performance of 17.35% and a 2nd percentile ranking for 10 years in the Mid Cap Value category. On average, the winners had a combined average return for the week of .90%, which outpaced the S&P 500's return of .66%. The winners continued their streak of beating the S&P 500 Index for the third straight week. The top performer for the fixed income brackets was the Delaware Extended Duration Bond Fund, which has been a powerhouse performer for the past five years. The average performance for the fixed income bracket was edged out by the Barclays Aggregate Index by 3 basis points this week. This is the first time the index beat the average performance of the winning funds. Watch out for market volatility as the Dow Jones streak was finally broken and the Fed meets this week. Anything goes this week. Risk On or Risk Off?

The NCAA Men's Division I Basketball Tournament will be selecting the final spots for this year's tournament brackets. From this point forward, the Mutual Fund Madness Tournament and college basketball's March Madness Tournament will run together, with the Mutual Fund Madness Tournament ending on the last Friday before the Final Four of the NCAA tournament. Because of the tie breaker rule, the winners of the brackets will not be announced until after Monday night's championship game.

Weekly Top Fund Performers

The top performance of the week for the Equity Bracket went to the Hotchkis & Wiley Value Opportunity Fund (HWAIX) with a return of 2.39% or nearly four times the return of the S&P 500. The Hotchkis & Wiley Fund family is the only fund family with two funds left in the ELITE 8 in both brackets. Congratulations on a great start to 2013. Causeway Capital's International Opportunity Fund (CIOIX) is the only remaining international equity fund.

In the Fixed Income bracket, Delaware Extended Duration Fund (DEEIX) earned top performance honors and the worst performance went to Forward Credit Analysis Long/Short Fund (FLSIX).

Matchups of the Week

The matchup of the week was between the only two remaining international equity funds, with Causeway Capital beating Fidelity Advisor International Capital Appreciation.

Loomis Sayles once again proved why they are one of the best bond firms in the world by beating tough competitor PL Strategic Income which was one of the few #1 seeds remaining in the fixed income brackets.

Fixed Income Bracket Highlights

We are down to only eight fixed income funds, with the GMO Emerging Country Debt fund the highest seed left in the bracket. Westcore knocked off powerhouse Goldman Sach's Strategic Income and will be facing the Guggenheim Macro Opportunities fund

Equity Bracket Highlights

Hotchkis & Wiley is dominating the equity brackets with two funds left. The equity brackets have a lot of lower seeded funds still alive and if you picked lowest seeds as a default option, you are probably winning the bracket. So once again, unlike real basketball, reversion to the mean is still alive. The highest seed left is the Fidelity Advisor Leveraged Company Stock Fund. This manager is just awesome especially when you factor in total assets managed. The portfolio managers from Hotchkis & Wiley and Fidelity apparently never read any white papers written about the dominance of passive management.

What to Expect Next Week

With only one international fund left in the equity brackets, it will take a strong move in the global markets to see the US equity fund dominance derailed. As I predicted last week, the investor favorite Fidelity Advisor Leveraged Company Stocks made it the ELITE Round. I expect this fund to move forward as the more concentrated Hotchkis & Wiley fund gets battered with market volatility next week in anticipation of the Fed meeting. If I am wrong, we could have two Hotchkis & Wiley funds in the final four.

My crystal ball was working really well last week as I predicted Cohen and Steers and Loomis Sayles to make it to the ELITE 8. If the Fed meeting results in a lot of volatility, expect Guggenheim and GMO to emerge as winners.