

» INVESTING

●● THE KIPLINGER 25 UPDATE

Actively Managed Funds That Won

AS HAS BEEN WIDELY NOTED, the past year has been a rough one for actively managed stock funds. In particular, only 13% of funds that focus on large-company domestic stocks beat the 13.7% return of Standard & Poor's 500-stock index in 2014. But the Kiplinger 25 has its share of winners.

Start with **DAVENPORT EQUITY OPPORTUNITIES**, which beat the index by 2.2 percentage points over the past year.

The \$236 million fund invests in firms of all sizes. Managers Chris Pearson and George Smith seek companies with good growth prospects, solid balance sheets and smart executives with a talent for re-investing their firms' profits. That formula kept Pearson and Smith out of energy stocks, which have cratered along with the price of oil. "We always suspected that the boom in domestic supply

would weigh on prices eventually," says Smith.

But the fund, which holds just 29 stocks, got a big lift from one company that benefited directly from the oil-price drop: American Airlines. Its stock more than doubled in 2014. Other consumer companies, including auto dealer CarMax (up 42% last year) and apparel maker Hanesbrands (up 61%), also helped goose the fund's performance. The managers picked up Hanesbrands in 2010 for about \$25 per share. Hanesbrands made some smart acquisitions, including Gear for Sports, that extended the company beyond the underwear business. The stock, at \$112 in early January, "has exceeded our expectations," says Smith.

Equity Opportunities isn't the only Kip 25 fund that shone. Stacked against their appropriate benchmarks, sev-

eral other funds outpaced their bogeys. Over the past year, **HOMESTEAD SMALL-COMPANY STOCK** clocked the Russell 2000 index by 1.9 percentage points, and **DODGE & COX INTERNATIONAL STOCK** outperformed the MSCI EAFE index, which tracks stocks in developed foreign markets, by 5.2 points. (Learn more about those funds in "Oldies But Goodies," Feb.)

HARDING LOEVNER EMERGING MARKETS beat the MSCI Emerging Markets index by 0.2 percentage point in 2014, the fifth straight year in which the fund topped its index. The fund got a boost from makers of generic drugs. Hikma Pharmaceuticals, a Jordanian firm, soared 66%; SouthAfrica-based Aspen Pharmacare Holdings jumped 51%; and India's Sun Pharmaceutical Industries climbed 46%. **NELLIES. HUANG**

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U.S. Stock Funds							Specialized/Go-Anywhere Funds						
Symbol	Total return*				Added to Kip 25	Symbol	Total return*				Added to Kip 25		
	1yr.	3 yrs.	5 yrs.	10 yrs.			1yr.	3 yrs.	5 yrs.	10 yrs.			
Akre Focus Retail	AKREX	8.2%	20.2%	17.9%	—	Dec. 2009	FPA Crescent	FPACX	6.3%	12.1%	9.9%	8.6%	Oct. 2008
Artisan Value	ARTLX	6.3	13.6	11.5	—	May 2012	Merger	MERFX	1.3	2.9	2.7	3.5	June 2007
Baron Small Cap Retail	BSCFX	1.4	17.2	13.9	8.3%	Dec. 2007	Bond Funds						
Davenport Equity Opps	DEOPX	15.7	21.5	—	—	May 2014	DoubleLine Total Return N	DLTNX	6.9%	5.2%	—	—	May 2011
Dodge & Cox Stock	DODGX	9.8	22.2	14.5	7.3	May 2008	Fidelity Intermed Muni Inc	FLTMX	6.9	3.4	4.2%	4.1%	May 2004
Fidelity New Millennium	FMILX	4.7	17.9	14.4	10.1	May 2014	Fidelity New Markets Income	FNMIX	3.4	5.1	6.5	8.1	May 2012
Homestead Small-Co Stock	HSCSX	5.6	18.7	17.2	11.5	May 2012	Fidelity Total Bond	FTBFX	6.1	3.9	5.3	5.2	May 2014
Mairs & Power Growth	MPGFX	6.6	19.9	15.0	8.5	Jan. 2013	Met West Unconstrained Bd M	MWCX	3.2	7.1	—	—	May 2013
Parnassus Mid Cap	PARMX	11.2	18.1	14.8	—	Aug. 2014	Osterweis Strategic Income	OSTIX	1.1	5.3	5.9	6.4	May 2013
T. Rowe Price Sm-Cap Value	PRSVX	-0.9	14.4	12.9	8.6	May 2009	Vanguard Sh-Tm Inv-Grade	VFSTX	2.1	2.5	2.8	3.6	May 2010
Vanguard Dividend Growth	VDIGX	12.2	17.1	14.3	9.3	May 2010	Indexes						
Vanguard Selected Value	VASVX	4.9	19.0	14.9	9.4	May 2005			Total return*				
International Stock Funds									1yr.	3 yrs.	5 yrs.	10 yrs.	
Cambiar Intl Equity	CAMIX	-8.8%	9.8%	6.1%	5.2%	May 2014	S&P 500-STOCK INDEX		13.5%	19.4%	14.7%	7.8%	
Dodge & Cox Intl Stock	DODFX	-0.6	14.8	6.8	6.9	May 2005	RUSSELL 2000 INDEX†		3.7	17.9	14.5	8.2	
Harding Loevner Emrg Mkts	HLEMX	1.7	7.4	4.0	9.5	May 2013	MSCI EAFE INDEX#		-5.8	10.8	4.8	4.9	
Matthews Asian Gro & Inc Inv	MACSX	0.3	9.4	6.5	9.0	Aug. 2013	MSCI EMERGING MARKETS INDEX		2.8	4.0	1.7	9.3	
							BARCLAYS AGGREGATE BOND INDEX‡		6.7	3.0	4.5	4.8	

Through January 9. *Three-, five- and ten-year returns are annualized. —Not available; fund not in existence for the entire period. †Small-company U.S. stocks. #Foreign stocks. ‡Tracks high-grade U.S. bonds.

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