



**Press Contacts:**

Robert Huebscher  
Advisor Perspectives  
(781) 376-0050  
[rhuebscher@advisorperspectives.com](mailto:rhuebscher@advisorperspectives.com)

James Reno  
Reno Communications, Inc.  
(339) 927-7073  
[jamie.reno@renocommunications.com](mailto:jamie.reno@renocommunications.com)

## **Advisor Perspectives Releases Study of Mutual Fund Performance**

*RIAs are Selecting Mutual Funds that are Outperforming Their Peers*

**LEXINGTON, MA – July 17, 2007** – Advisor Perspectives today released a study showing that Registered Investment Advisors (RIAs) select mutual funds that outperformed their peer groups during the second quarter of 2007. The study looked at RIA mutual fund selections across its universe, as well as in four different categories: U.S. Equities, Foreign Equities, U.S. Municipal Bonds, and U.S. Taxable Bonds. Key findings included:

- RIAs were most adept at picking top performing funds for Foreign Equities and U.S. Municipal bonds. Of the 22 top actively traded, Foreign Equity funds, 16 outperformed their primary benchmark, doing so by a weighted average return of 1.69%. Of the 25 top actively traded, U.S. Municipal bond funds, 16 outperformed their benchmark, by a weighted average return of .43%.
- For U.S. Equities, 9 of the 19 top actively traded funds outperformed their primary index, and the weighted average return of these 19 funds underperformed the primary index by .23%. However, a [previous study](#) showed that RIAs use mutual funds much more extensively for non-U.S. investing, and rely on separately managed accounts for U.S. equities, using mutual funds in specific style boxes when an appropriate separate account manager is not suitable. Therefore, it is significant to note that U.S. Equity funds outperformed their secondary indices by .37%, which shows they are doing well in their respective style boxes.
- For Foreign Equity, U.S. Municipal, and U.S. Equity funds, the mutual funds selected by RIAs were in the top half of their peer group rankings. U.S. Municipal funds scored the best with a weighted average peer group ranking in the 34<sup>th</sup> percentile.
- Across the top 25 funds in all four categories, 11 of the 18 actively managed funds outperformed their primary benchmark, doing so by a weighted average return of .34%

The study is based on data from the Advisor Perspectives universe, which comprises approximately \$50 billion of assets, managed by RIAs, from high- and ultra-high net worth investors. The data is segmented into three tiers, based on account size. In the tier containing the largest accounts, the average account size is approximately \$3.7 million, representing assets of ultra-high net worth investors. The study looked only at this tier, and examined the top mutual funds (based on market value in the Advisor Perspectives universe) as of March 31, 2007. It tested the hypothesis that RIAs would select top performing mutual funds for their largest clients.

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## Advisor Perspectives Study–2

Commenting on the study, Advisor Perspectives CEO Robert Huebscher said, “We are impressed by these initial results. This study encompasses only one quarter of results, and we are eager to see whether these results persist over longer time periods.”

Details of the study were published in two parts: [Part 1](#) and [Part 2](#).

For more information, including a copy of the study, please visit [www.advisorperspectives.com](http://www.advisorperspectives.com).

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