

Funds that outpaced the hard-to beat-bonds

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Top 25 funds that beat the 3-year performance of Government of Canada 5-year bond

% return (as of Oct. 31, 2008)

Fund name	Category	Assets (\$-mil) as of Oct. '08	Latest MER	3-year	1-mo	1-year	5-year
CI Global Opportunities	Alternative Strategies	41.6	3.55	39.3%	4.8%	40.8%	20.4%
CI Trident Global Opportunities	Alternative Strategies	223.5	5.95	35.9%	4.9%	44.9%	21.8%
Marquest Resource	Natural Resources Equity			22.0%	-20.6%	-35.8%	15.2%
Marquest Bridge	Miscellaneous			16.5%	-11.4%	-33.1%	
Primevestfund	Alternative Strategies			16.5%	-12.6%	-29.1%	
Covington Venture Fund IV-New Mille	Retail Venture Capital	13.2	4.28	16.2%	-2.3%	31.2%	8.9%
Sprott Bull/Bear RSP	Alternative Strategies	125.0	8.24	15.8%	3.4%	0.6%	16.4%
Covington Strategic Capital Fund I	Retail Venture Capital		3.41%	14.6%	-4.1%	26.2%	
Covington Strategic Capital Fund II	Retail Venture Capital		3.35%	14.5%	-4.0%	25.9%	
Sprott Opportunities Hedge L.P. A	Alternative Strategies	411.0	6.68	13.1%	-1.1%	0.7%	
Sprott Opportunities RSP	Alternative Strategies	91.0	6.91	12.9%	-1.1%	0.6%	
Folk Hedge Fund LP II	Miscellaneous		0.50	12.1%	-3.5%	3.5%	
GWL Real Estate (G) NL	Miscellaneous	960.2	3.14	12.0%	1.2%	8.2%	9.8%
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London Life Real Estate (GWLIM)	Miscellaneous	5	3.04	11.9%	1.2%	8.4%	10.1%
Sprott Hedge L.P. I-CI A	Alternative Strategies	474.0	5.39	11.5%	-4.1%	-12.0%	14.3%
Manulife China Opportunities Class	Greater China Equity	60.2	2.88	10.6%	-9.6%	-49.4%	
Mandate National Mortgage Corp	Canadian Short Term Fixed Income	7.9	2.00	9.7%	0.0%	10.4%	8.8%
Dynamic FocusPlus Small Business	Canadian Small or Mid Cap Equity	56.9	3.08	9.4%	-9.4%	-18.0%	14.3%
Chou Asia	Global Small/Mid Cap Equity	64.5	1.77	9.3%	-4.7%	-7.0%	8.3%
HSBC Chinese Equity-I	Greater China Equity	146.7	2.55	9.1%	-9.9%	-56.5%	
CI Signature Canadian Resource	Natural Resources Equity	427.7	2.30	9.0%	-17.5%	-28.8%	17.5%
SaskWorks Venture Fund Inc.	Retail Venture Capital	92.6	5.24	8.6%	2.4%	18.2%	4.8%
SEI Enhanced Global Bond-O	Global Fixed Income	72.7	0.19	8.3%	14.6%	36.4%	4.5%
Tera Capital Global Innovation	Science and Technology Equity		6.02	8.3%	-16.7%	-27.5%	23.0%
AGF Global Resources Class	Natural Resources Equity	82.7	3.03	7.8%	-16.7%	-31.8%	16.2%
Government of Canada Bonds 3 to 5 Years				3.9%	0.2%	3.3%	3.8%
S&P 500 index				-7.1%	-16.8%	-37.5%	-1.6%
S&P/TSX composite index				-2.0%	-16.9%	-33.2%	4.7%

WHAT ARE WE LOOKING FOR?

Canadian mutual funds that outperformed five-year Government of Canada bonds over the past three years (3.9 per cent compounded annually).

If bad markets make long-term investors of us all, then we should look past the recent market carnage. (The S&P/TSX is down 33 per cent in the past 12 months.) How did the country's best fund managers do against boring old bonds?

THE SEARCH

Globefund searched for Canadian funds that made more than 3.9 per cent, compounded annually. (Funds linked to notes were excluded.) The fund returns listed are after management expense ratios (fees) have been deducted.

WHAT DID WE FIND?

Bonds are hard to beat. Of the more than 10,000 mutual funds it tracks, Globefund turned up about 100 that topped the bond over the past three years. CI funds managed by Nandu Narayanan hold the top two spots – CI's Global Opportunities Fund made an average of 39 per cent while the CI Trident Global Opportunities returned almost 36 per cent. All the returns listed are as of Oct. 31.

HOW DID HE DO IT?

In January, long before the markets crashed, CI's Mr. Narayanan told Report on Business he wanted no part of most stocks. He correctly predicted many of the world's biggest banks would not survive the debt crisis. A look at his funds' holdings as of Sept. 30 show they are almost entirely cash, giving him plenty to spend on stocks he sees as oversold.

WHAT ELSE DID WE FIND?

Smart investors are patient. For a demonstration of why this is true, take a look at the final columns in the table. This is where the returns over various periods are listed. The one-year column is ugly, especially for resource-based funds. But if you go longer (three and five years) time might heal your wounds.

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