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## When A Hot Streak Lasts 10 Years

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A DOW JONES NEWSWIRES COLUMN

**NEW YORK** -- With another decade of mutual fund returns in the record books, top-performing fund managers are patting themselves on the back and getting a nice marketing boost.

But can investors really improve their chances of beating the market by chasing after funds that have had a hot streak--even if that hot streak lasted 10 years?

To get an answer, Dow Jones Newswires asked Morningstar Inc. to calculate returns for the five best-performing funds of the 1980s and '90s to see how they fared in subsequent decades.

While the scope of the data is too small to give a definitive answer, they provide some tantalizing clues. Some funds, like Sequoia and RS Large Cap Alpha, do seem to have that special stardust. But just as many funds go on to struggle. Betting on a fund's track record, even a long-term track record, seems far from a sure thing.

Among the highlights:

\*Of the five top-performing funds of the '80s, just two managed to beat the market in the next decade, although four did so in the '00s.

\*Of the five top-performing funds of the '90s, just two managed to beat the market in the past decade, although one, Hartford Capital Appreciation, did so by almost seven percentage points a year, on average.

\*Just one fund, Davis New York Venture, managed to beat the market three decades in a row. That includes not only top-performers of '80s but also a handful of winners from the '90s and '00s that happen to have a 30-year track record.

**One of these, Stratton Multi-Cap, lagged significantly in both the '80s and the '90s, before beginning to shine in recent years. James Stratton, who has overseen the fund since 1972, says its value bent hurt it during the tech-stock boom, but provided a strong tailwind in the early 2000s. He's also learned from past mistakes.**

**"With experience, we've refined our game," he says. "We were better managers in the '00s than we were in the '80s or '90s."**

\*RS Large Cap Alpha earned a unique and remarkable-seeming distinction. It was in the top five in its category twice, the only fund to do so. The bad news was it scored those stellar returns in the 1980s and 1990s and lagged the Standard & Poor's 500 by about 1.4 percentage points a year, on average, during the past decade after a now-departed fund manager made some bad picks in the early '00s.

"RS Large Cap Alpha Fund has served an important role in client portfolios for nearly four decades," says Co-Portfolio Managers Joe Wolf in and email. "Overall, the Fund's shareholders have been rewarded for taking the long-term view."

### After Funds Take a Star Turn

How top-performing large-company blend funds in each of the past three decades fared in other decades.

	+/- S&P 500		
	1980's	1990's	2000's
<b>Stars of the '80s</b>			
Davis New York Venture	+2.77	+0.57	+3.38
Sequoia	+2.06	-1.15	+6.32
RS Large Cap Alpha	+1.32	+1.66	-1.43
Legg Mason ClearBridge Appreciation	+0.87	-3.64	+2.95
MainStay MAP	+0.67	-2.23	+6.43
<b>Stars of the '90s</b>			
Oppenheimer Main Street	n/a	+4.37	+0.13
Legg Mason Capital Management Value	n/a	+3.35	-2.25
RS Large Cap Alpha	+1.32	+1.66	-1.43
Putnam Investors	-1.66	+1.6	-3.73
Hartford Capital Appreciation	n/a	+1.55	+6.97
<b>Stars of the '00s</b>			
Fairholme	n/a	n/a	+14.16
Stratton Multi-Cap	-2.53	-6.6	+7.91
Oakmark Select	n/a	n/a	+7.89
Mairs & Power Growth	-3.73	+0.13	+7.86
Monteagle Value	n/a	n/a	+7.62

Figures show how funds did relative to the Standard & Poor's 500 stock index in each decade. For instance, +1, might indicate a fund posted an average annual total return of 11%, compared to a 10% return for the index in a given decade.

Source: Morningstar Inc.

**Stratton Multi-Cap Fund**  
**Inception 9/30/1972**

**Average Annual Total Return**

<b>Period Ended</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>15-Year</b>
12/31/2009	+24.84%	-2.94%	+1.08%	+6.96%	+10.10%

*The performance date quoted represents past performance and does not guarantee future results. Current performance may be lower or higher. Performance data current to the most recent month-end may be obtained at [www.strattonfunds.com](http://www.strattonfunds.com). The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The performance data shown reflects certain fee waivers and reimbursements, it would have been lower had these not been in effect.*

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