

THRIVE IN A BAD ECONOMY

The Best Funds You Can Buy

Don't dwell on your losses. Focus on things you can control, like investing costs and consistency. That's what the **MONEY 70** will help you do.

Update Could 2008 have been any worse for fund investors? As we went to press, not a single stock fund made money, and defying the laws of diversification, many bond funds fell too. Still, the MONEY 70, our recommended list of mutual and exchange-traded funds, held up better than most. More than 60% of our actively managed funds ranked in the top half of their categories last year; over the past five, 83% beat their peers.

Of course, category-trouncing performance isn't the mission of the MONEY 70, since no one can predict future returns. Instead, we provide a mix of high-quality funds—including index funds and ETFs—which you can use to build a diversified portfolio. We stick with the criteria that matter most, like low fees, which let you keep more of your returns. When it comes to actively managed funds, we also look for consistent strategies and experience. And we care how well funds treat their shareholders. So we pay attention to Morningstar's stewardship grades, which rate such factors as a fund group's culture and regulatory history. As

for performance, we focus on funds that rank in the top half of their peers over five years but make exceptions when a manager's style is out of favor.

This year we're making only two switches. First, we're dropping Matrix Advisors Value because its assets slipped below our \$100 million minimum. Funds that small pose a greater risk of raising fees or merging. If you own it, though, there's no reason to

sell. We're then adding **Allianz NFJ Small Cap Value**, a fund that invests in dividend-paying small stocks and that recently reopened. We're also

bringing back a former MONEY 70 fund that reopened, **Third Avenue Small Cap Value**, which buys undervalued high-quality stocks. To fit it in, we're dropping Bridgeway Small Cap Value—a fund we like but that tends to have wilder swings.

Whichever funds you choose, be patient. Whether the recovery takes another five months or five years, you can be sure that the low fees, consistent strategies and trustworthy management of the MONEY 70 funds will keep working in your favor. \$

BY PENELOPE WANG

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Money 70

The majority of MONEY 70 funds have beaten their peers over the long term because of these built-in advantages.

ADVANTAGE 1

LOW EXPENSES

Average annual expenses for MONEY 70 stock mutual funds:

0.8%

vs.

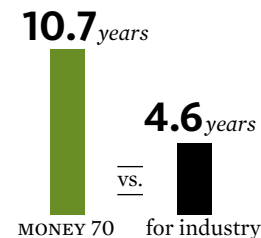
1.4%

for average stock fund

ADVANTAGE 2

EXPERIENCE

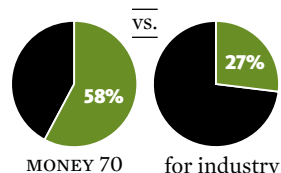
Average MONEY 70 manager tenure:



ADVANTAGE 3

TRUST

Actively managed MONEY 70 funds with A or B stewardship grade from Morningstar:



SOURCE: Morningstar.

FUND (TICKER)	TOTAL RETURN		EXPENSES (AS % OF ASSETS) ²	MINIMUM INITIAL INVESTMENT	PHONE NUMBER (800)
	1YR.	5 YRS. ¹			
LARGE-CAP					
VALUE					
American Funds Am. Mutual ³ (AMRMX)	-30.2%	-0.4%	0.56	\$250	421-0180
Sound Shore (SSHFX)	-35.9	-1.1	0.92	10,000	551-1980
T. Rowe Price Equity Income (PRFDX)	-34.8	-0.7	0.67	2,500	638-5660
Vanguard Windsor II (VWNFX)	-37.0	-0.5	0.32	10,000	851-4999
BLEND					
Fairholme ⁴ (FAIRX)	-30.8	5.3	1.00	2,500	202-2263
Fidelity Spartan 500 Index (FSMKX)	-36.3	-2.0	0.10	10,000	343-3548
Fidelity Spartan Total Market (FSTMX)	-36.6	-1.6	0.10	10,000	343-3548
FMI Large Cap (FMIHX)	-26.1	3.1	1.00	1,000	811-5311
iShares S&P 500 Index (IVV)	-36.3	-2.0	0.09	N.A.	474-2737
Selected American (SLASX)	-38.4	-1.8	0.88	1,000	243-1575
Vanguard 500 Index (VFINX)	-36.3	-2.0	0.15	3,000	851-4999
Vanguard Total Stock Mkt. (VTSMX)	-36.5	-1.6	0.15	3,000	851-4999
Vanguard Total Stock Mkt. ETF (VTI)	-36.5	-1.5	0.07	N.A.	851-4999
GROWTH					
American Funds Amcap ⁵ (AMCPX)	-36.6	-2.8	0.65	250	421-0180
Jensen (JENSX)	-29.7	-1.9	0.85	2,500	992-4144
T. Rowe Price B/C Growth (TRBCX)	-41.4	-3.5	0.77	2,500	638-5660
MIDCAP					
VALUE					
Fidelity Value (FDVLX)	-47.1	-3.0	0.69	2,500	343-3548
Janus Mid Cap Value (JMCVX)	-26.7	3.4	0.85	2,500	525-3713
BLEND					
FAM Value (FAMVX)	-29.5	-1.4	1.19	500	932-3271
Vanguard Mid-Cap (VIMSX)	-41.6	-0.8	0.21	3,000	851-4999
Vanguard Mid-Cap ETF (VO)	-41.5	N.A.	0.13	N.A.	851-4999
GROWTH					
FPA Perennial ⁶ (FPPFX)	-38.2	-2.2	0.95	1,500	982-4372
Meridian Growth (MERDX)	-31.2	-0.7	0.84	1,000	446-6662
Primecap Odyssey Agg. Gro. (POAGX)	-34.2	N.A.	0.78	2,000	729-2307
SMALL-CAP					
VALUE					
Allianz NFJ Small Cap Value ⁶ (PNVDX)	-26.3	4.5	1.22	1,000	877-4626
BLEND					
Third Avenue Small Cap Value (TASCX)	-35.1	-0.4	1.09	10,000	443-1021
Royce Pennsylvania Mutual (PENNX)	-34.9	0.7	0.88	2,000	221-4268
Vanguard Small-Cap (NAESX)	-36.9	-1.1	0.22	3,000	851-4999
Vanguard Small-Cap ETF (VB)	-36.8	N.A.	0.10	N.A.	851-4999
GROWTH					
Royce Value Plus (RYVPX)	-40.2	1.2	1.33	2,000	221-4268
T. Rowe Price New Horizons (PRNHX)	-39.1	-2.0	0.80	2,500	638-5660
MULTICAP					
Bridgeway Agg. Inv. 2 (BRAIX)	-53.4	-2.5	1.16	2,000	661-3550
Muhlenkamp (MUHLX)	-39.2	-5.5	1.07	1,500	860-3863
Weitz Hickory (WEHIX)	-42.3	-5.3	1.21	2,500	304-9745
SPECIALTY					
Cohen & Steers Realty (CSRSX)	-33.7	3.4	0.95	10,000	330-7348

FUND (TICKER)	TOTAL RETURN		EXPENSES (AS % OF ASSETS) ²	MINIMUM INITIAL INVESTMENT	PHONE NUMBER (800)
	1YR.	5 YRS. ¹			
SPECIALTY					
iShares Dow Jones Select Div. (DVP)	-33.4%	-1.5%	0.40	N.A.	474-2737
iShares S&P GSSI Nat. Res. Index (IGE)	-39.1	9.5	0.48	N.A.	474-2737
Third Ave. Real Estate Value (TAREX)	-44.9	-1.0	1.11	\$10,000	443-1021
T. Rowe Price New Era (PRNEX)	-45.8	8.0	0.64	2,500	638-5660
Vanguard REIT (VGSIX)	-36.4	1.0	0.20	3,000	851-4999
Vanguard REIT ETF (VNQ)	-36.4	N.A.	0.10	N.A.	851-4999
FOREIGN					
LARGE VALUE					
Dodge & Cox Intl. Stock (DODFX)	-44.7	4.1	0.65	2,500	621-3979
Oakmark International (OAKIX)	-38.9	1.7	1.10	1,000	625-6275
LARGE BLEND					
Am. Funds EuroPacific Gro. ³ (AEPGX)	-38.3	5.2	0.74	250	421-0180
Fidelity Spartan International (FSIIX)	-40.0	2.7	0.10	10,000	343-3548
Vanguard Europe Pacific ETF (VEA)	-39.8	N.A.	0.12	N.A.	851-4999
Vanguard FTSE All-Wld. ex-U.S. (VEU)	-42.3	N.A.	0.24	3,000	851-4999
Vanguard Intl. Growth (VWIGX)	-43.1	2.4	0.46	3,000	851-4999
Vanguard Total Intl. Stock (VGTGX)	-42.4	3.3	0.27	3,000	851-4999
LARGE GROWTH					
Artisan International (ARTIX)	-45.0	2.4	1.20	1,000	344-1770
SMALL/MID VALUE					
Third Avenue Intl. Value (TAVIX)	-34.8	3.5	1.45	10,000	443-1021
SMALL/MID GROWTH					
T. Rowe Price Intl. Discovery (PRIDX)	-47.9	4.0	1.21	2,500	638-5660
EMERGING MARKETS					
American Funds New World (NEWFX)	-43.9	7.8	0.96	250	421-0180
T. Rowe Price Emerging Mkts. (PRMSX)	-58.7	6.3	1.20	2,500	638-5660
Vanguard Emerging Markets (VEIEX)	-50.1	8.3	0.37	3,000	851-4999
Vanguard Emerging Mkts. ETF (VWO)	-50.0	N.A.	0.24	N.A.	851-4999
BOND					
American Funds Amer. H/I ⁷ (AHITX)	-31.4	-2.3	0.66	250	421-0180
Dodge & Cox Income (DODIX)	-3.1	2.5	0.44	2,500	621-3979
FPA New Income ⁸ (FPNIX)	4.3	3.9	0.62	1,500	982-4372
Harbor Bond (HABDX)	2.7	4.6	0.56	1,000	422-1050
iShares Lehman TIPS Bond (TIP)	0.1	4.4	0.20	N.A.	474-2737
T. Rowe Price Intl. Bond (RPIBX)	6.2	5.0	0.82	2,500	638-5660
Vanguard Infl.-Pro. Securities (VIPSX)	-0.3	4.4	0.20	3,000	851-4999
Vanguard Intern.-Term T/E (VWITX)	-2.8	2.1	0.15	3,000	851-4999
Vanguard Short-Term Bond (VBISX)	5.4	3.9	0.18	3,000	851-4999
Vanguard Short-Term Bond ETF (BSV)	5.4	N.A.	0.10	N.A.	851-4999
Vanguard Total Bond Market (VBMFX)	4.9	4.5	0.19	3,000	851-4999
Vanguard Total Bond Market ETF (BND)	5.0	N.A.	0.10	N.A.	851-4999
TARGET-RETIREMENT					
T. Rowe Price Retirement (STOCK/BOND ALLOCATION)					
2005 Fund (55%/45%) (TRRFX)	-22.0	N.A.	0.58	2,500	638-5660
2020 Fund (80%/20%) (TRRBX)	-32.8	-0.2	0.68	2,500	638-5660
Vanguard Target Retirement					
2025 Fund (79%/21%) (VTTVX)	-29.4	-0.1	0.19	3,000	851-4999
2035 Fund (90%/10%) (VTTHX)	-33.8	-0.5	0.19	3,000	851-4999

NOTES: As of Dec. 17, N.A.: Not available or not applicable. Load funds are included for those who prefer to use a broker. ¹Annualized. ²Audited and annualized figures except on Fidelity. ³7.5% sales load. ⁴Area code is 866. ⁵2.5% sales load. ⁶Area code is 888. ⁷3.75% sales load. ⁸3.50% sales load. **SOURCES:** Lipper, New York, 877-955-4773; the fund companies, Morningstar.