

Mutual Funds

Here's What Best Funds Had In Common Last Week

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U.S. diversified stock funds sputtered through the final week of the year, losing 0.93% in the holiday-shortened week that ended Dec. 31, according to Lipper Inc.

It was their fourth loss in the final five weeks of the year and left those [mutual funds](#) down -2.08% for the year.

The S&P 500 lost 0.80% in the final week but eked out a modest 1.38% gain for [investors](#) for the year.

Total returns through Dec. 31			Sector funds		
Diversified stock funds			Bond funds		
Funds	YTD	1 week	Funds	YTD	1 week
Large-cap grwth	5.13%	-0.56%	Health/biotech	8.04%	-0.67%
Large-cap core	-0.57	-0.85	Natural resrcs	-25.78	-2.30
Large-cap value	-4.18	-1.04	Science & tech	4.57	-0.84
Multicap grwth	2.61	-0.66	Telecom	0.75	-0.83
Multicap core	-2.19	-0.94	Utilities	-9.44	-0.38
Multicap value	-5.25	-1.12	Financial services	0.23	-1.03
Midcap growth	-1.11	-0.76	Real estate	2.11	0.09
Midcap core	-4.39%	-1.12%	Prec metals eq	-24.01	-3.56
Midcap value	-4.97	-1.14	Gtbi health/biotch	9.08	-0.36
Small-cp grwth	-2.27	-1.23	Gtbi natural resrcs	-22.98	-2.05
Small-cp core	-5.12	-1.46	Gtbi real estate	-0.42	-0.16
Small-cp value	-7.04	-1.58	Industrials	-4.46	-1.01
S&P 500 funds	0.85	-0.81	Commod prec mtlts	-14.99	-1.61
Equity income	-3.51	-0.92	Commod general	-22.42	-0.17
Specialty diversified	-5.74%	-0.44%			
Dedicated short bias	-2.95	1.87			
Alt market neutr	-0.43	0.00			
Alt long/short	-1.49	-0.45			
U.S. diversified equity	-2.08	-0.93			
World equity	-3.84	-0.70			

Source: Lipper Inc.

"Active fund managers, whatever their cap size or style, on average have been underperforming the indices," said Rich Weiss, senior portfolio manager of American Century's target-date One Choice Portfolios.

In the latest week, negative [stock market news](#) about oil prices was the heaviest weight on market performance. Benchmark light sweet crude ended the week at \$37.04 per barrel, down from \$38.10.

The top performing U.S. diversified stock fund that's tracked by Lipper,

that has more than \$100 million in assets and that does not do a lot of shorting, hedging or borrowing was \$460 million Great-West American Century Growth , which edged ahead 0.51%.

The fund had nearly 100% of its money at work in U.S. stocks as of Sept. 30, according to Morningstar Inc.

Technology was Great-West's largest sector, with 25% of the fund's money. Health care was next, with a 19% weighting, followed by consumer cyclicals, with 18%.

This top-performing fund is a large-cap growth portfolio. So its focus is on the stocks that fared best as a group in the latest week. Lipper's large-cap growth category topped all U.S. diversified stock fund groups that don't do a lot of shorting, hedging or borrowing by losing the least in the week, 0.56%.

Some large-cap tech names are prominent among a narrowing group of stocks providing market leadership. The fund's top five holdings included several of them, such as **Alphabet** (NASDAQ:GOOGL) and **Amazon.com** (NASDAQ:AMZN). Alphabet rose 1.6% in the week. Amazon gained about 2%.

Top holdings also include **Apple** (NASDAQ:AAPL), which lost 2.3%; **Visa** (NYSE:V), which slid 0.9%; and **PepsiCo** (NYSE:PEP), which fizzled 0.6%.

One reason why large-cap stocks did relatively well is an ongoing rotation into that category. Many investors see large caps as better positioned to withstand uncertain economic growth, says David Joy, chief market strategist of Ameriprise Financial.

And a reason why growth stocks did well was that investors were avoiding value-oriented stocks. Higher-dividend stocks tend to be value-oriented, says Craig Ferrantino, president of Craig James Financial Services, in Melville, N.Y. "And in a rising-rate environment, those don't do as well (in general) as growth stocks."

Another reason is that many investors expect to see an increase in corporate capital expenditures in 2016, which should benefit growth stocks more than value, he adds.