



Some Internet tools to strip mutual funds bare

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Here's a way to start a lively conversation with the investment adviser who handles your RRSP.

Take down the names of the mutual funds he or she suggests for your registered retirement savings plan and then do a little research of your own using the outstanding resources available at no cost on the Internet for fund investors. Now you're ready for a chat with your adviser about the ins and outs of your prospective funds.

Canadian investors are blessed with three very strong websites for researching mutual funds -- Globefund.com, Morningstar.ca and FundLibrary.com. Add a scattering of other sites that offer commentary or on-line tools and you've got all the data you need to make your own investing decisions about funds or vet your adviser's recommendations.

Let's start with Globefund, a product of the same company that owns this newspaper. If you want a quick overview of a fund that includes fees, performance, top holdings, charts and contact information for the sponsoring fund company, a Globefund fund profile is ideal.

Another strength of this site is its Filter function, which allows you to sift through thousands of funds to find ones that meet your criteria. For example, you can create a list of all the Canadian equity funds that have averaged 10 per cent a year or more over the past 15 years (there are 14 of them).

Once you've got some funds in mind, head over to Morningstar.ca, which is run by the Canadian arm of a Chicago-based company known for its unbiased research on funds and stocks. The big attraction on this site is free access to detailed analyst reports on dozens of funds in all categories.

The reports give you the sort of insights you might not get from the raw numbers you'll find from other sources. Thinking of putting some money in the downtrodden AIC Advantage Fund? Morningstar notes that long-term holders of this fund have historically enjoyed top returns, but with marked volatility. Interesting factoid: unitholders have historically had to stay invested for at least seven years to break even in this fund.

FundLibrary.com was one of the first good websites for Canadian investors, but it went into decline during the bear market earlier this decade. Now under new management, the site offers fund profiles with the sort of data that will especially appeal to savvy investors.

If you're looking at buying two funds in the same category and you want to ensure they don't take the same investing approach, try the "Internals" function available on FundLibrary's profiles. You'll find out whether a fund uses a value or growth strategy, and whether it has a bias toward small-, medium- or large-capitalization stocks. Other highlights on this site include its extremely detailed risk profiles for each fund and its fund manager biographies.

Fees are an important consideration when choosing funds, which brings us to the Investor Education Fund website (<http://www.investored.ca>) and its mutual fund fee impact calculator. Located in the site's Interactive Centre, this tool gives you an idea of how the various costs of buying and owning funds affect your returns. You can do a cost comparison of two mutual funds at once, which may help you narrow your fund choices.

More information about fund fees and sales commissions are available in fund prospectuses, which you can download on the Sedar.com website or through fund company websites. If your investment adviser has suggested some funds, the prospectus is the place to confirm the fees and commissions he or she receives if you buy.

Looking for general articles on funds? Globefund, Morningstar and FundLibrary all offer articles and columns and they're often worth perusing. Other sources of information on funds include:

MoneySense.ca: Fund analyst Suzanne Abboud writes a great column that usually includes her suggestions for

top funds in a particular area. Recently, she's written on the most stable income trust funds and the best fund families.

Mutual Fund Reporter: This long-running newsletter from Scotia McLeod adviser Carl Spiess is located at <http://www.mutualfundreporter.com>. You'll find articles on funds and investing, as well as links to other investing sites.

Macleans.com: The personal finance section of the weekly news magazine's website has recently included a list of top funds and several articles on the ins and outs of fund investing.

Between them, these websites offer the information that do-it-yourself investors need to make sound decisions. Once you've run a fund through Globefund, Morningstar and FundLibrary, you've pretty much seen it stripped naked.

After researching funds recommended by your adviser, don't hesitate to start a discussion about the merits of one product versus another. Smart advisers have a proper rationale for selecting funds, but it never hurts to be an informed customer.

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