

## What the Experts Say About Past Performance:

"Trying to pick tomorrow's winning fund based on yesterday's performance is difficult if not a futile task. Concentrate on solid performers and stick with those. Constantly switching your money from one fund to another is an expensive habit that is harmful to your net worth."

*Peter Lynch, Legendary Manager of Fidelity Magellan*

"The key issue is that past performance is a thin reed for how to predict future performance. Expense ratios and turnover are generally better predictors."

*William F. Sharpe, Professor of Finance, Nobel Laureate*

"Even if you identify the managers who have good past performance, there's no guarantee that they'll have good future performance."

*George Sauter, Managing Director, The Vanguard Group*

"Many fund families have so many funds they can always find funds with four or five stars after the fact."

*William F. Sharpe, Professor of Finance, Nobel Laureate*

"Yesterday's masters of the universe are today's cosmic dust."

*Alan Abelson, Barrons*

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"... skepticism about past returns is crucial. The truth is, much as you may wish you could know which funds will be hot, you can't -- and neither can the legions of advisers and publications that claim they can. That's why building a portfolio around index funds isn't really settling for average. It's just refusing to believe in magic."

*McLean, Bethany, Journalist, Fortune magazine*

"It's human nature to find patterns where there are none and to find skill where luck is a more likely explanation (particularly if you're the lucky mutual fund manager. Mutual fund manager performance does not persist and the return of stock picking is zero."

*William Bernstein*

"Investors should be wary of any scheme that promises unusually large returns based on past patterns of stock returns. Relative to a buy-and-hold strategy, the only beneficiaries are likely to be your broker and tax collector."

*Burton G. Malkiel, Finance Professor & Author of classic "A Random Walk Down Wall Street"*

"For time will teach thee soon the truth. There are no birds in last year's nest."

*Henry W. Longfellow, Author*

"The thing that is most interesting to me is that every day one of the managers is able to give me a chart that shows me that he was in the first quartile or the first decile. I have never had a prospective manager come in and say, "We're in the fourth quartile or bottom decile."

*John Englishman, Ford Foundation*

"The connection between past and future performance has not been firmly established by the stars, historic star ratings or any raw data." "We never intended to suggest that the stars could be used to predict short-term returns or to time fund purchases. They were just a way to sort funds according to past success."

"[Our] 5-star bond funds have posted lower aggregate returns than their peers."

*Morningstar Mutual Funds*

"If a man dwells on the past, then he robs the present; but if a man ignores the past, he may rob the future. The seeds of our destiny are nurtured by the roots of our past."

*Master Po*

"The problem with predictable patterns of stock returns is that they aren't dependable all the time."

*Burton G. Malkiel, Finance Professor & Author of classic "A Random Walk Down Wall Street"*

"Statisticians will tell you that you need 20 years worth of data--that's right, two full decades--to draw statistically meaningful conclusions. Anything less, they say, and you have little to hang your hat on. But here's the problem for fund investors: After 20 successful years of managing a mutual fund, most managers are ready to retire. In fact, only 22 U.S. stock funds have had the same manager on board for at least two decades--and I wouldn't call all the managers in that bunch skilled."

*Susan Dziubinski, University editor with Morningstar.com*

"Even if you identify the managers who have good past performance, there's no guarantee that they'll have good future performance."

*George Sauter, Vanguard Group, Wall Street Journal, June 7, 1997*

"In investment performance, the past is not prologue."

*Charles Ellis, "Winning the Loser's Game"*

"The biggest investment mistake people make is focusing on last year's mutual fund performance and not on what really drives returns."

*Barbara Raasch, Partner at Ernst and Young, Business Week, Feb. 22, 1999*

"First class investment performance cannot be measured on a quarterly or annual basis. Outstanding investors don't work that way."

*Charles Ellis, Greenwich Associates*

"Many of the predictable patterns that have been discovered may simply be the result of data mining - the result of beating the data set in every conceivable way until it finally confesses. There may be little confidence that these relationships will continue in the future."

*Burton Malkiel*