

Bogle Junior Chalks Up Big Returns

The son of Vanguard's founder uses computers to identify attractive small-company stocks.

MANY STOCK PICKERS ARE TIRE KICKERS.

They make judgments about companies by, among other things, talking to executives, competitors and customers. By contrast, quants (short for quantitative analysts) are computer jocks. They try to take the emotion out of investing by relying on computers to rank stocks for buying and selling.

One of the best stock-picking quants in the mutual fund world is John Bogle Jr., who runs **BOGLE SMALL CAP GROWTH**. The fund tanked during the 2007-09 bear market, losing 66%, but it has rebounded strongly. Including the first five months of 2013, it ranked in the top 16% of its category (funds that invest in small-company "blend" stocks) in four of the past five years.

Bogle's model homes in on U.S. companies that are likely to beat analysts' earnings estimates. It also contains a value component, identifying stocks that are cheap relative to others in their industry on the basis of price-to-sales and price-to-cash-flow ratios. Bogle buys roughly the top 150 ranked stocks, making sure to keep his fund's sector weightings closely in line with those of the Russell 2000 index.

Bogle trims a holding when it reaches 1.5% of the fund's assets. He'll also sell if his model shows signs that a company is manipulating its accounting practices to beat earnings estimates. At last report, top holdings included Multimedia Games, Genworth Financial and Krispy Kreme Doughnuts. **ANJELICA TAN**

SMALL BLEND FUNDS Ranked by one-year return[#]

Rank/Name	Symbol	Total return through May 31 [†]			Max. sales charge	Expense ratio	Toll-free number
		1 yr.	3 yrs.	5 yrs.			
1. Kinetics Small Cap Opportunities Inv [®]	KSCOX	48.7%	18.4%	4.5%	2.00% [‡]	1.64%	800-930-3828
2. Walthausen Select Value Retail [®]	WSVRX	45.5	—	—	2.00 [‡]	1.64	888-925-8428
3. Hodges Pure Contrarian Retail	HDPCX	43.8	9.2	—	1.00 [‡]	1.40	866-811-0224
4. Pacific Advisors Small Cap Value A [®]	PASMX	42.7	22.4	6.9	5.75 [§]	2.71	800-989-6693
5. Bogle Small Cap Growth Inv [®]	BOGLX	42.3	20.4	9.1	none	1.35	877-264-5346
6. Keeley Small Cap Value A [®]	KSCVX	39.9	17.7	1.8	4.50 [§]	1.39	888-933-5391
7. Thomson Horstmann Bryant Mic Cap Inv [®]	THBVX	39.7	—	—	2.00 [‡]	1.55	855-842-3863
8. Vulcan Value Partners Small Cap	VVPSX	38.9	19.9	—	2.00 [‡]	1.50	877-421-5078
9. Wells Fargo Advtg Intrnsc Sm Cap Val Inv [®]	SCOVX	38.8	15.3	6.0	none	1.49	800-222-8222
10. Fidelity Small Cap Discovery ^{®**}	FSCRX	38.7	20.8	15.8	1.50 [‡]	1.07	800-544-9797
CATEGORY AVERAGE		30.2%	15.4%	6.4%			

20 LARGEST STOCK MUTUAL FUNDS Ranked by size

Rank/Name	Symbol	Assets [†] (in billions)	Total return through May 31 [†]			Max. sales charge	Toll-free number
			1 yr.	3 yrs.	5 yrs.		
1. Vanguard Total Stck Mkt Idx Inv [®]	VTSMX	\$248.4	27.7%	16.8%	5.8%	none	800-635-1511
2. Vanguard 500 Index Inv [®]	VFINX	135.8	27.1	16.7	5.3	none	800-635-1511
3. American Gro Fund of America A [®]	AGTHX	120.6	28.6	14.9	3.7	5.75%	800-421-0180
4. American EuroPacific Gro A [®]	AEPGX	110.8	25.1	9.9	0.1	5.75	800-421-0180
5. Vanguard Total Intl Stock Idx Inv [®]	VTGSX	95.5	25.0	9.2	-2.0	none	800-635-1511
6. Fidelity Contrafund [®]	FCNTX	95.5	21.6	16.1	5.3	none	800-544-9797
7. American Cptl Inc Builder A [®]	CAIBX	86.0	17.3	12.2	2.9	5.75	800-421-0180
8. American Inc Fund of America A [®]	AMECX	82.3	20.2	13.8	5.8	5.75	800-421-0180
9. Franklin Income A [®]	FKINX	77.8	19.6	12.2	5.8	4.25	800-632-2301
10. American Cptl Wrld Gro & Inc A [®]	CWGIX	77.1	28.7	13.3	1.6	5.75	800-421-0180
11. Vanguard Emerging Mkts Stock Idx [®]	VEIEX	74.4	13.2	5.3	-1.7	none	800-635-1511
12. Vanguard Wellington [®]	VWELX	72.5	20.2	13.1	6.4	none	800-635-1511
13. American Balanced A [®]	ABALX	61.9	21.8	14.3	6.5	5.75	800-421-0180
14. American Invstmt Co of America A [®]	AIVSX	61.9	26.7	14.6	4.4	5.75	800-421-0180
15. American Washington Mutual A [®]	AWSHX	61.4	26.8	17.5	5.4	5.75	800-421-0180
16. Fidelity Spartan 500 Index Inv [®]	FUSEX	58.5	27.2	16.8	5.4	none	800-544-9797
17. American Fundamental Inv A [®]	ANCFX	58.0	29.6	16.0	3.8	5.75	800-421-0180
18. BlackRock Global Allocation A [®]	MDLOX	55.9	16.1	8.6	3.3	5.25	800-441-7762
19. American New Perspective A [®]	ANWPX	48.4	27.7	14.4	3.9	5.75	800-421-0180
20. Fidelity Growth Company [®]	FDGRX	47.4	23.9	18.3	7.0	none	800-544-9797
S&P 500-STOCK INDEX			27.3%	16.9%	5.4%		
MSCI EAFE INDEX			32.2%	11.5%	-1.1%		

[#]Excludes leveraged funds. [†]Annualized for three and five years. [®]Rankings exclude share classes of this fund with different fee structures or higher minimum initial investments. ^{**}Closed to new investors. [‡]For all share classes combined. [§]Maximum redemption fee. [¶]Front-end load; redemption fee may apply. MSCI EAFE index consists of developed foreign stock markets. SOURCE: © 2013 Morningstar Inc.

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Use our Mutual Fund Finder to get the latest data and see the top performers over one-, three- and five-year periods. Research a specific fund, or compare multiple funds based on style, performance and cost. And view details including volatility rank and turnover rate. To use this tool, go to kiplinger.com/tools/fundfinder.

EXPLANATION OF TERMS

Total return assumes reinvestment of all dividends and capital gains; three- and five-year returns are annualized. Returns reflect ongoing expenses but not sales charges.

Maximum sales charge A figure without a footnote means the commission is deducted from the money you send to the fund. A figure with an *r* is the maximum redemption fee charged when you sell shares. Funds that charge both sales and redemption fees are footnoted with an *s* next to the front-end load.

Expense ratio is the percentage of assets claimed annually for operating a fund.

BOGLE INVESTMENT MANAGEMENT
SMALL CAP GROWTH FUND

Inception Date: October 1, 1999

Total Returns as of March 31, 2013	Investor Shares	Institutional Shares	Russell 2000
First Quarter, 2013	13.68%	13.68%	12.39%
One Year	22.43%	22.54%	16.30%
Three Years Annualized	18.03%	18.15%	13.45%
Five Years Annualized	9.37%	9.47%	8.24%
Ten Years Annualized	11.88%	11.99%	11.52%
Since Inception Annualized	11.31%	11.41%	7.51%

The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate, so that an Investor's shares upon redemption, may be worth more or less than their original cost. Certain fee waivers are in effect. In the absence of fee waivers, total return would be reduced. Current performance may be lower or higher than the performance data quoted. Returns current to the most recent month-end are available at <http://boglefunds.com/mutualfund>.

Expense Ratios With Waivers and Reimbursements

Investor Shares 1.35% For the year ended 8/31/12

Institutional Shares 1.25% For the year ended 8/31/12

Expense Ratios If Waivers and Reimbursements Were Not in Place

Investor Shares 1.60% For the year ended 8/31/12

Institutional Shares 1.51% For the year ended 8/31/12

Fee waivers and reimbursements are contractual and have been renewed through 12/31/13.

Top Ten Holdings as of 3/31/13	Percentage of Fund
Multimedia Games Holding Company Inc.	1.4%
AMN Healthcare Services, Inc.	1.3%
Consumer Portfolio Services, Inc.	1.2%
Genworth Financial Inc.	1.2%
Western Refining, Inc.	1.2%
Steelcase, Inc.	1.2%
Krispy Kreme Doughnuts	1.1%
Albany Molecular Research, Inc.	1.1%
Republic Airways Holdings Inc.	1.1%
Alon USA Energy, Inc.	1.1%

Portfolio composition is subject to change and individual holdings are subject to risk.

You should consider the investment objectives, risks, charges, and expenses of the Bogle Small Cap Growth Fund carefully before investing. Visit <http://boglefunds.com/mutualfund> for prospectus containing this and other information about the Fund. Read it carefully before you invest.

Shares of Bogle Small Cap Growth Fund are distributed by Foreside Funds Distributors LLC, Berwyn, Pennsylvania.