

Business

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Local mutual funds post double-digit gains

Gabelli, Evergreen and Volumetric all advance for year

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In a year when the Dow Jones industrial average jumped 26 percent and the Standard & Poor's 500 rose 20 percent, it wasn't too hard for mutual funds to do well also.

Among mutual funds based in the Westchester-Rockland area, Evergreen Fund Class Y in Purchase gained 17.6 percent. Pearl River-based Volumetric Fund reported a 15.5 percent gain and the Gabelli Asset Fund in Rye rose 13.36 percent.

While most mutual funds didn't do as well as the market indexes, over the long term, mutual fund investments gain more, said Gabriel Gibs, fund manager for Volumetric.

Evergreen Fund Class Y, which invests primarily in stocks issued by small or little-known companies, is the flagship mutual fund for Evergreen Asset Management, part of the Evergreen Keystone Funds

Mutual attractions

Area-based mutual funds generally did well in 1996, but trailed market indexes like the Standard & Poor's 500, up 20 percent, and the New York Stock Exchange index, up 19 percent. A five-year look at local mutual funds:

Year	Volumetric Pearl River	Gabelli Asset Rye	Evergreen Purchase
1996	15.50%	13.36%	17.60%
1995	17.14%	24.94%	37.19%
1994	-2.08%	-0.15%	0.73%
1993	2.07%	21.84%	6.27%
1992	10.83%	14.89%	8.73%

Source: Bloomberg Business News

group, which manages 68 mutual funds with \$30 billion in assets.

Stephen Lieber, Evergreen's fund manager, said the Class Y fund wasn't even the group's best performer in 1996. Evergreen Growth and Income Fund jumped 28.2 percent and its Small Cap Equity Fund rose 22.4 percent.

Intel's stellar year

For its flagship fund, Intel proved a significant contributor, Lieber said, rising more than 120 percent during the year.

Intel is not a small or little-known company now, but it was when Evergreen first bought it.

Andrew Corp., which makes antennae for cellular systems, was another good bet for Evergreen, rising 113 percent.

For 1996, all but two of the 59 stocks that comprised the Volumetric Fund gained, Gibs said. The best performers were Tyco Toys — bought in October for \$6.25 per share and sold in December for \$11.87 — and Interstate Bakery, bought at \$17 a share earlier in the year and trading now for \$49.12.

Of the two stocks that de-

clined, RPM, makers of Rustoleum products, was the most disappointing, losing about 5 percent in price, he added.

Gibs said his fund's performance was due partly to a change in approach he adopted late last year. He now uses a mathematical formula based on price to decide when to sell certain stocks.

The fund is more a "growth and protection" fund, he said. "I expect this system to match or surpass the stock market's performance in bull markets and to provide automatic downside protection in bear markets."

Gabelli Fund manager Mario Gabelli was out of town yesterday and unavailable for comment.

Jon Teall, a spokesman for the mutual fund research firm Lipper Analytical Services Inc., said comparisons between the Gabelli Asset Fund — a familiar fund operated by Gabelli Funds Inc. — and similar growth funds indicate that Gabelli underperformed in 1996.

"On the surface, it has some big names, like GE, that did well. But the media (invest-

ments) have been soft," Teall said.

GE rose more than 30 percent during the year, but Time Warner, one of the Gabelli Fund's media investments, fell about 25 percent between February and September.

"When you compare it to say the Lipper Growth Fund (which was up 17.5 percent in 1996), Gabelli would have come up short," Teall said.

Healthy outlook

Mutual fund managers are predicting 1997 as a year when the funds will outperform the market indexes.

"It will be a year when we will have much consolidation among some of the big companies," Lieber said.

Funds that look to smaller, more entrepreneurial companies will find gainers that are mostly not included in the major indexes.

These smaller companies were mostly ignored during 1996, considered by experts as a year when blue-chip stocks like IBM ruled the market.