

“Our Clients’ Past Successes are Not Necessarily Indicative of Future Successes.”

Stamper Capital & Investments, Inc.

“Focusing on Upside Potential with Downside Protection Since 1995.”

THE BOND BUYER

What Do Investors Need to Know About Risk?

By Michael Stanton | 07-12-1995

Investors need a way to consider risk when choosing mutual funds, but it may be too early to settle on a standard form of measurement, said B. Clark Stamper, senior vice president of Selected/Venture Advisers.

"Most people just follow the trends that they see in the media, like focusing on total return," he said. "They don't realize that they're taking on a lot of risk."

Stamper, who claims his Venture Muni (+) Plus Fund has performed at or near the top of several measures of risk-adjusted performance for municipal mutual funds, believes that risk analysts, like Morningstar Inc. and Value Line are still refining their craft.

"The learning curve for a lot of these companies was pretty steep at the beginning," Stamper said. "It's really starting to come around now that there is more competition and the total volume of business has picked up."

He suggested that the Securities and Exchange Commission should pick a measurement that indicates both a portfolio's total return and the volatility incurred to achieve that performance, such as the method known as the Sharpe ratio. However, he doubted whether current techniques would be comprehensive to individuals.

"I'd rather see the SEC wait to see what happens in the marketplace and then make it an official standard," Stamper said. "We're talking heavy-duty statistics here, and they might be hard for the general public to decipher."

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Stamper Capital & Investments, Inc. has been the sub-adviser to this Fund since October 1995 and B. Clark Stamper, our President, has been its Portfolio Manager since June 1990.

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of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost.

Returns - Figures quoted are total returns calculated for the share class and time periods shown. Performance includes the reinvestment of income dividends and capital gains distributions. Performance does not reflect the deduction of taxes that a shareholder would pay on a fund distribution or the redemption of fund shares. Please go to Morningstar's and/or Lipper's websites for more information.

Please see the Disclaimer link at the bottom of this page for more information about risk and return.