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**THE GLOBE AND MAIL** 

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## So far, so good for Canadian active fund managers this year

By Clare O'Hara

### *Best returns are mutual funds that avoid energy and materials*

Active fund managers in Canada are faring better than last year, but not as much as their U.S counterparts.

Forty-one per cent of Canadian equity funds are outperforming the S&P/TSX composite index as of March 18, compared to 30 per cent for all of 2014.

In comparison, more than half of U.S funds had posted gains that exceeded benchmark indexes in 2015 (as of March 6), according to a recent Fundstrat Global Advisors LLC survey.

In Canada, sector exposure plays a major role for those funds outperforming the index, says Christopher Davis, director of manager research, Canada for Morningstar Research Inc.

"A lot of Canadian equity fund managers keep the portfolios aligned with the TSX so they are not going to make big bets against energy or materials and so they will have big weightings in those sectors," says Mr. Davis. "The funds that don't have exposure in those areas end up coming out on top. That has been the path of success both this year and last year."

The S&P/TSX index posted a 2.86 return year to date, while top performing funds are seeing returns north of 4.5 per cent (as of March 18). It's still early in the game but here are a few funds already beating the index:

Exemplar Performance Fund has one of the highest returns with 5.71 per cent total return year to date. The fund has stronger weightings in the consumer discretionary and information technology sectors, with top holdings including AutoCanada Inc., Canadian Tire Corp. Ltd. and Constellation Software Inc. Management expense ratio is 3.24 per cent.

Fidelity Canadian Disciplined Equity Fund posted a 4.94 per cent total return year to date with a focus on both the financial and energy sectors. Top holdings include Royal Bank of Canada, Suncor Energy and Valeant Pharmaceuticals. MER is 2.27 per cent.

Mawer Canadian Equity Fund has a 4.58 per cent total return year to date, with sector weightings favoring financials, industrials and energy. Top holdings include Brookfield Asset Management Inc., Canadian National Railway and TD Bank. MER is 1.21 per cent.

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