Big rebound funds

For the managers of a select group of mutual funds, the stock market's return to its 2007 highs is no big deal. Their funds crossed the recovery milestone some time ago.

The funds needed just two or three years to make up for the losses they incurred after the market peaked in October 2007. It's quick work, compared with the nearly four years it took the Dow Jones industrial average to return to its pre-crisis level of 14,164 points after bottoming in March 2009. The Standard & Poor's 500, a broader index that's a benchmark for many stock funds, is less than 1 percent below its level of Oct. 9, 2007.

A common strength of the large-cap funds is they were unusually successful at limiting their losses in 2008 when the S&P 500 plunged 38 percent — the market fell 55 percent from its peak in 2007 to its bottom in 2009.

The majority of large-cap funds with the strongest results since October 2007 were able to stem their 2008 losses to less than 30 percent. The best in the bunch, Reynolds Blue Chip Growth (RBCGX), lost just 5.1 percent that year compared with the 38.5 percent decline in the broader market.

The fund's 2008 result had a big impact because of the realities of recovery math. If stocks lose 50 percent of their value, they need a 100 percent gain — not 50 percent — to get back to where they started. The takeaway for investors is that limiting losses during market declines is crucial, because losses have a bigger impact on long-term results than nominally comparable gains.

Market recovery stars These large-cap stock funds limited losses in 2008, which helped them post the biggest returns since the market's peak in October 2007.

	Total return 2008	Total return Since Oct. 9, 2007	Total return 1-yr	Expense ratio	Min. initial investment
Reynolds Blue-Chip Growth (RBCGX)	-5.1%	92%	7%	1.53%	$1,000
Yacktman Focused (YAFFX)	-23.5	77	15	1.26	2,500
Yacktman (YACKX)	-26.1	70	15	0.76	2,500
Monetta Young Investor (MYIFX)	-26.8	62	10	1.00	1,000
S&P 500	-38.5	12	13	–	–

Source: Morningstar

*Returns through March 18

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