



Local firm set to launch two more mutual funds

Scott Olson December 7, 2010

An Indianapolis-based mutual fund firm is expected this week to launch two funds to complement its existing one.

The Archer Funds, headquartered at Keystone Crossing, plans to roll out the Archer Stock and Archer Income mutual funds, joining the existing Archer Balanced Fund.

The Archer Stock Fund is a multi-cap fund while the Archer Income Fund is comprised of investment-grade bonds.

The U.S. Securities and Exchange Commission should sign off on the funds within the next few days, said John Rosebrough, a portfolio manager at The Archer Funds.

“The goal [of the firm] was always to be The Archer Funds, not The Archer Fund,” Rosebrough said. “Our goal is to build a fund family right here in Indianapolis.”

That’s often easier said than done for smaller, independent firms. Troy Patton, a former Ernst & Young LLP auditor, founded The Archer Funds in 2005. Rosebrough and Steve Demas join him as its only portfolio managers.

Roughly half of all mutual fund dollars are invested with the 10 largest brokerage firms in the country, such as Boston-based Fidelity Investments and Philadelphia-based Vanguard Group Inc.

In fact, The Archer Funds is one of just three central-Indiana-based mutual funds. The Indianapolis-based Auer Growth Fund is by far the biggest. The other is Columbus-based Kirr Marbach Partners Value Fund.

Kirr Marbach & Co. launched its mutual fund in 1998 and lately is having a huge amount of success with it.

Through November, the *Wall Street Journal* ranked its mutual fund as the top performer in the country in the multi-cap category. The fund had a return of 38.1 percent, far higher than the 6.5-percent return of the Standard & Poor's 500 index during the same time period.

With 9,000 different mutual funds available, it’s difficult for small funds such as The Archer Funds and Kirr Marbach’s offering to get the distribution they need, said Mark Foster, chief investment officer at Kirr Marbach.

But despite Kirr Marbach’s size, its mutual fund has investors in 26 states.

“If you’ve got something that’s unique and you’ve got some good numbers, it’ll work,” Foster said. “People will find you.”

The Archer Funds’ leadership is confident its two new mutual funds will be an attractive addition for investors.

Its existing Balanced Fund, however, has underperformed the S&P 500 this year after closing 2009 with a 15.7-percent return, according to Morningstar Inc.

The Balanced Fund, heavy on conservative investments such as utilities and health care companies, posted a 1.5-percent return through the first 10 months of the year, compared to the S&P’s 4.4-percent return during the same period.

“We’ve stuck with what we think works over the long term,” Rosebrough said. “Even though the S&P has been up [more lately], we’ve earned a positive return over the last year and we think we’ll outperform when the market turns back.”

Rosebrough is equally optimistic about the new Archer Stock and Archer Income mutual funds.

“We feel pretty good that these are going to be exciting funds,” he said.