



TIP SHEET: Life Essentials Guide Giant 5 Fivex Fund Of Funds

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NEW YORK (Dow Jones)--Michael Willis, lead portfolio manager of the **Giant 5** Total Investment System fund of funds, has no use for traditions - at least concerning investment strategies.

Instead, the no-load fund of mutual funds, also called Fivex, offers an equal asset allocation to five categories that reflect investing in what Willis calls life essentials: real estate, raw materials, energy, capital markets and bonds. Fivex invests in 25 funds that are invested in those categories. The fund, which was launched in May, currently has \$27.6 million in assets.

Giant 5 Funds, based in Colorado Springs, Colo., has one other fund of funds, which was also launched in May, the Total Index System. That fund uses the same principles, but invests in index and exchange-traded funds.

"We call into question the relevance of traditional asset allocation," said Willis, president of **Giant 5** Funds. "The size of a company should no longer be the primary determinant. It just isn't as relevant today as it was 50 years ago. The microchip has irreversibly changed the competitive landscape for large bureaucratic corporations."

While in the past large companies tended to have the best products, in today's global markets those businesses might be slow and bureaucratic, he said. Technology has given smaller and more nimble competitors the tools to compete, Willis said, citing Amazon.com Inc. (AMZN) as one example.

Investors should "just own the essentials," Willis said. "Equally. All the time. No guessing. No gambling."

The portfolio manager also questioned the relevance of seasonal investing, which is frequently used by some fund managers, and said asset allocation decisions should be made on performance.

Willis formerly worked as an executive in the investment areas at Smith Barney, PaineWebber and UBS Financial Services Inc. Fivex is up 3% so far in 2007, as of Monday, according to Lipper. The Standard & Poor's 500 Index, is up 2.2% for the same period. Since the inception of Fivex, Lipper shows the fund to be up 9.7%.

Since the start of the year, some of Fivex's holdings include the Morgan Stanley Institutional U.S. Real Estate Portfolio fund, which is up about 10%, according to Morningstar Inc.; raw materials fund Icon Materials, which has gained 6.3% year-to-date; and capital markets fund Delaware American Services, which has gained 3.1% in the same period.

Willis screens funds to consider a manager's tenure, the fund's fees and its performance in a down market. A fund will have to underperform for four quarters before he sells it. The turnover rate for Fivex is less than 1%.

Fivex has a minimum initial investment of \$2,500. That means it gives individual investors exposure to funds that they would not otherwise qualify for. Some of the funds in the Fivex portfolio have initial minimums as high as \$2 million, Willis said.

(Carmen Fleetwood covers Microsoft, Oracle and convergence issues in technology for Dow Jones Newswires.)

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