



Avoid the Limelight By Benjamin Shepherd

The best funds often fly below the radar. This fund manager may not make regular appearances on the big financial networks, but his fund's performance speaks for itself.

Founded in 1995, Ameristock (AMSTX) has established an impressive track record by following a value approach to investing in blue-chip stocks. Focusing on companies with market capitalizations of at least \$15 billion, the fund narrows down this universe by targeting stocks that have lower price-to-earnings and price-to-book ratios and pay larger dividends than their peers. These investments account for 80 percent of the fund's holdings, while the remainder is allocated to traditional growth companies that meet the fund's capitalization requirements.

That commitment to value and quality has enabled the fund to outperform the S&P 500 by 1.7 percent and the large-value category by 0.6 percent over the past 10 years. Since its inception, the fund has generated a return of better than 6.5 percent. As of May 21, the fund is up 1.2 percent in 2009; the S&P 500, on the other hand, is down 1.8 percent.

Despite this performance, the fund has just \$178 million in total assets.

Part of that could stem from the makeup of the fund's portfolio; there's nothing particularly sexy about its staid investment strategy. Holding stocks such as *Verizon Communications* (NYSE: VZ), *Cisco Systems* (NSDQ: CSCO) and *Colgate-Palmolive* (NYSE: CL), lead manager Nicholas Gerber doesn't go out on too many limbs. He just looks for great names that trade at reasonable valuations and pay sustainable dividends. And if the market environment isn't to his liking, Gerber has the flexibility to increase the fund's cash position as conditions warrant.

With that kind of approach, CNBC and the other financial networks aren't tying up his phone, and Gerber isn't the sort to court that kind of attention.

And operating such a small shop doesn't leave much time for self-promotion. Gerber and Andrew Ngim, who was brought on in 2000 to manage the fund's day-to-day operations, work with a small staff consisting of just two analysts.

That's par for the course with Gerber, who initially ran the fund from his home. And with a fairly limited universe of stocks to choose from, he doesn't require a large retinue of analysts and managers.

That, in turn, has led to a relatively low expense ratio of just 0.83 percent and limited turnover in the portfolio to 14 percent. Not only is the fund cheap, but it's also a true no-load offering and doesn't charge 12b-1 fees. And the lack of portfolio churn helps to minimize volatility and makes it extremely tax-efficient by minimizing capital gains exposure.

That doesn't mean that the fund is without risks. For starters, Gerber and Ngim run a heavily concentrated portfolio of around 30 holdings, making it difficult to avoid overexposure to favored sectors and making the fund susceptible to bad news from individual names. And the duo routinely makes heavy sector bets.

Because of its bottom-up investment approach, the fund is currently heavy on technology stocks, which currently account for more than a third of the fund's holdings.

That weighting has paid off during the current downturn; earnings in the technology sector have held up despite the falloff in business spending. Nevertheless, the technology sector has traditionally suffered a great deal of volatility.

And Gerber and Ngim appear to be building another sector bet, steadily adding to their holdings in *Lowe's*

AMERISTOCK

Moraga, CA
www.ameristock.com

800-394-5064
AMSTX

Sales fee: none **Assets:** \$178 million
Early Withdrawal: none
No. of Holdings: 28
Turnover rate: 14% **Expense ratio:** 0.83%
Assets in the top 10 holdings: 47.6%
Min. initial investment: \$1,000
Top five positions (symbol): eBay (EBAY), Charles Schwab Corp (SCHW), Progressive Corp (PGR), Google (GOOG), Texas Instruments (TXN)

*All above information as of 5/20/09

Largest quarterly loss*: -21.6%; 4th Qtr 2008

Largest quarterly gain*: 7.6%; 2nd Qtr 2007

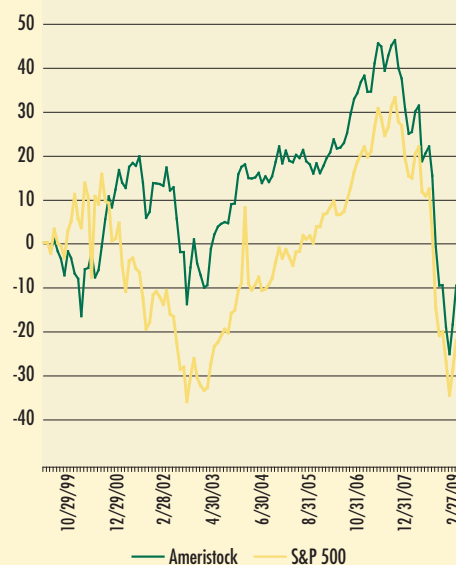
*Last 3 years

FYI: Lead manager Nicholas Gerber also manages the popular oil exchange-traded fund United States Oil Fund

Companies (NYSE: LOW) and *Home Depot* (NYSE: HD). That's paid off well so far—both home improvement retailers reporting better than expected first quarter earnings—but there's always the risk that those numbers were just a flash in the pan. Real estate continues to face substantial headwinds as foreclosures increase the supply and further pressure home prices.

Despite these drawbacks, Ameristock is an excellent candidate for investors with long-term horizons. ...▲

TWO CYCLES OF OUTPERFORMANCE



Source: Bloomberg

Permission to use by Louis Rukeyser.

(#19108) Adapted from June 2009 LOUIS RUKEYSER'S MUTUAL FUNDS © Copyright 2009 by Financial Service Associates, L.P.

For more information about reprints from Louis Rukeyser's Mutual Funds, contact PARS International Corp. at 212-221-9595.

AMERISTOCK

An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus containing this and other information, please call 1-800-394-5064 or download the file from Ameristock.com. Read the prospectus carefully before you invest.

Average Annual Returns as of:	March 31, 2009					
	Non-annualized recent quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Ameristock Mutual Fund	-9.98%	-35.01%	-12.30%	-6.23%	-1.10%	6.51%

Performance data quoted represent past performance. Past performance is no guarantee of future results and investment returns and principal value of the Fund will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. Call 1-800-394-5064 or visit Ameristock.com for current month-end performance.

Total Annual Fund Operating Expenses: 0.83%. 1% for first \$100 million in assets, .75% on assets between \$100 million and \$2 billion, .70% on assets thereafter.

Top 10 Holdings of the Ameristock Mutual Fund, as of May 31, 2009

1) eBay Inc. 2) Progressive Corporation 3) Texas Instruments Inc. 4) Franklin Resources Inc. 5) Google Inc. 6) Microsoft Corporation 7) Charles Schwab Corporation 8) Accenture Ltd. 9) Cisco Systems 10) Intel Corporation

This list is subject to change and may not be representative of current or future holdings. *Not audited, for informational purposes only.*

Past performance is no guarantee of future results.

Price to Earnings Ratio: a valuation of a company's current share price compared to its per-share earnings.

Price to Book Ratio: a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. The book value is the total value of a company's assets that shareholders would receive if a company were liquidated.

An investment in the Funds involves risk, including loss of principal.

The Fund's portfolio may differ significantly from the securities held in the index. You cannot invest directly in an index; therefore its performance does not reflect the expenses associated with the active management of an active portfolio.

The S&P 500 Index is the Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices.

This article reflects the opinions of its author and is not a recommendation to buy or sell any specific securities. Reprinted with permission from (to be filled in).

AME 000250 exp. 12/2009