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Canadian balanced funds struggle in second quarter

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Chances are that when pension fund administrators and trustees receive the second quarter update for the funds they oversee, there won't be too many smiles.

According to API's second quarter institutional balanced fund survey, the median return for the funds included in that survey was -1.8%. For the year to June 30, the median return is 2.8%. (The S&P/TSX composite is off by almost 4% so far this year.) Over the past year the median fund has returned 0.6% and over the past two years the median fund has generated a 6.9% return. API's survey contained the results for 81 funds.

For the second quarter, a mere four funds posted positive results. Those funds were managed by CI (Series Income Fund); Connor Clark & Lunn (High Income Fund); HughesLittle (Balanced Fund) and Trimark (Income Growth). With a 1.5% return CI was the best performer.

Accordingly the other 81 funds generated negative returns for the quarter. The three worst performers were J Zechner Balanced Fund (off by 9.4%); Acuity Pooled Canadian Balanced Fund (off by 5.9%) and the Acuity Pooled High Income Fund (off by 4.3%).

For the year to date HughesLittle's Balanced Fund (up by 9.7%) and Trimark's Income Growth Fund (6.0%) were the top two performers.

Over the past two years - during which period the median return was ahead by 6.9% - the top performers were HughesLittle Balanced Fund (20.6%); Connor Clark & Lunn High Income Fund (15.7%); Bissett Dividend Income Fund (12.6%); and Trimark Global Balanced Fund (12.0%). The good news: none of those surveyed generated negative returns over that period.

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