

[Nationwide S&P 500 Index Fund - Class A Shares \(GRMAX\) +2 Fund Authority Score](#)

Category : US Large Capitalization Stock Mutual Funds & ETFs

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Nationwide S&P 500 Index Fund - Class A Shares (GRMAX) fetch a +2 Fund Authority Score [Fund Authority Scores rate mutual funds and exchange traded funds \(ETFs\)](#) on the most important economic factors that influence individual investors' net long term diversified investment fund performance. *The Skilled Investor* developed the Fund Authority Score system to provide individual investors with concise and objective summaries of mutual funds and ETFs for comparisons within investment asset classes. For a [directory of the Fund Authority Score reports of other mutual funds and ETFs, go here](#). When you go to this [Fund Authority Score directory](#), you can easily find a list of all fund reports at the bottom of each article for that particular investment asset class. For more information about [how a Fund Authority Score is developed for each mutual fund or ETF, go here](#).

The diversified mutual fund investment strategy of the Nationwide S&P 500 Index Fund At approximately \$2.7 billion in assets, the Nationwide S&P 500 Index Fund is a medium sized, passively managed diversified index mutual fund. This mutual fund's investment portfolio consists of large capitalization U.S. stock securities. According to the Nationwide Funds mutual fund prospectus for the Nationwide S&P 500 Index Fund, the objective of the fund is "to provide investment results that correspond to the price and yield performance of publicly traded common stocks, as represented by the Standard & Poor's 500 Index." (Note that "correspond" is a very interesting choice of words, when describing a fund's investment results objective.) The Nationwide S&P 500 Index Fund has a variety of share classes which can only be purchased through a financial advisor, investment counselor, or other financial intermediary, but not directly by an individual investor. Therefore, purchases involve paying fees to compensate the adviser or other intermediary that recommends you buy this particular fund. As always, when direct share purchases are not allowed, our Fund Authority Score will reflect the costs associated with Class A Shares. *The Skilled Investor's* analysis of this passively managed S&P 500 index mutual fund The Nationwide S&P 500 Index Fund - Class A Shares - is yet another proof that you can spend a lot of your hard earned money on mutual fund sales loads, 12b-1 fees and unnecessarily high expenses. In return, you can get a passively managed, commodity S and P 500 index mutual fund. The next section with summary table below indicates that the Nationwide S&P 500 Index Fund - Class A Shares - received only a +2 Fund Authority Score. In contrast, you can easily find passively managed S & P 500 Index mutual funds with +9 and +10 Fund Authority Scores by looking in our [directory of the Fund Authority Score reports of other mutual funds and ETFs](#). Normally, evaluating the Nationwide S&P 500 Index Fund would have been a lower priority, since there are so many better index mutual funds that we have not yet had the time to score on our Fund Authority Score system. However, we got to this mediocre index fund in a roundabout way. The Gartmore S&P 500 "Local" fund was listed as one of the top 25 lowest cost index mutual funds in a research study. See this article on *The Skilled Investor* website, which describes this study: [Low Cost S&P 500 Index Mutual Funds](#).

After a bit of poking around on the web, *The Skilled Investor* found that the Gartmore S&P 500 index fund had been folded into the Nationwide Funds family of mutual funds and had been renamed the Nationwide S&P 500 Index Fund. Apparently, Gartmore remains as a portfolio advisor, but is not the fund promoter. The "local" share class that was included in the above mentioned low cost funds study was an institutional share class, which is not directly available to individual investors. The

www.gartmorefunds.com website appears now just to be an advertizing trolling site with no connection to Nationwide Funds. On an annual basis over the past five years, the Nationwide S&P 500 Index Fund's returns have tended to trail the return of the Standard and Poors 500 index by about one-half percent each year. This is roughly the amount of this fund's annual expense ratio, which includes the fund's management expenses and the 12b-1 fees that this fund charges. Morningstar's and Lipper's relative performance ratings indicate that the three year performance of the Nationwide S&P 500 Index Fund has been average to slightly below average for an S&P500 mutual fund. Because there are so many other equally or more costly index mutual funds out there, being in the middle of this crowd is not much of an accomplishment. From an individual investor's net performance standpoint, index funds are just commodities and expenses are the primary differentiator. When one considers that individual investors must also pay advisor sales loads to participate in this passively managed index fund, then individual investors' actual returns have really been even lower. For example, with Class A Shares, 5.75% of the gross initial investment amount is paid as a front-end load and never makes it into the fund portfolio to begin with. Therefore, the fund's performance numbers do not reflect the cumulative loss attributable to the 5.75% of investment assets that slipped away at the very beginning. Of course, the supposed purpose of this sales load is to compensate an advisor for good advice. When an advisor recommends this or any other expensive index fund, in effect, he or she is recommending that an individual investor buy a commodity index fund with unnecessarily high expenses. For more on the fascinating subject of financial adviser compensation, see these articles: [Payment of Investment Advisors, Financial Planners, and Investment Counselors](#). For more information on how front-end sales loads quickly slip out of sight from a performance evaluation standpoint, see this article: "[Understanding one-time investment fees, such as sales loads](#)." *The Skilled Investor's* Fund Authority Scores do not allow the costs of front-end sales loads to slip away so easily, because we amortize front-end sales loads over five years and include this annualized cost when constructing our mutual fund rating system. The Fund Authority Score for the Nationwide S&P 500 Index Fund - Class A Shares (GRMAX) The table below presents the Fund Authority Score and other information for the Nationwide S&P 500 Index Fund. Using an integer scale ranging from -10 to +10, Fund Authority Scores measure five factors:

- 1) annualized management and investment sales expenses (40% weighting),
 - 2) annual trading costs implied by investment fund portfolio turnover (30% weighting),
 - 3) inferior and superior historical performance (20% weighting),
 - 4) minimum fund maturity (5% weighting), and
 - 5) minimum fund size for operating efficiency (5% weighting).
- Fund Authority Summary for the Nationwide S&P 500 Index Fund - Class A Shares (GRMAX)
Fund Authority Summary Nationwide S&P 500 Index Fund Fund Authority Score

FUND AUTHORITY SCORE (scale of -10 to +10) 2

FUND AUTHORITY SCORING COMPONENTS

A) Management expenses & sales loads (-4 to +4)

-- Annual expense ratio with 12b-1 fees 0.49%

-- Front-end sales load with 5 year amortization 1.15%

----- Total annual direct costs 1.64% -2

B) Fund portfolio transactions costs (-3 to +3)

-- Annual turnover as a trading cost proxy 3% 3

C) Penalize very inferior historical performance and credit average and superior historical performance (-2 to +2)

-- Total of the 3 year Morningstar + Lipper ratings 5 0

- D) Is this fund sufficiently mature? (0 or +1) 1
E) Very small fund efficiency penalty (-1 or 0) 0

INVESTMENT FUND OVERVIEW

- Type of investment fund index mutual fund
- Active versus passive management passive index fund
- Total net assets \$2.7 Billion
- Type of investment portfolio securities stocks - equities
- Geographic focus United States
- Market capitalization of portfolio securities large
- Strategy summary to track the return of the S&P 500 index
- Target performance benchmark index Standard and Poors 500 Index
- Year of inception 1998
- Trading symbol GRMAX
- Share class evaluated Class A Shares
- Minimum initial deposit for individual investor \$2000

TOP 10 INVESTMENT SECURITIES HOLDINGS EXXON MOBIL CORPORATION XOM

S&P 500 FUTURES - DEC 2007 SPZ7

GENERAL ELECTRIC CO GE

MICROSOFT CORP MSFT

AT&T INC T

PROCTER & GAMBLE CO PG

BANK OF AMERICA CORP BAC

CITIGROUP INC C

CISCO SYSTEMS INC CSCO

CHEVRON CORP CVX

----- Top 10 Investment Portfolio Holdings (%) 21.10%

Fund family website www.nationwidefunds.com

Customer service telephone number 800-848-0920

SEC EDGAR filings and/or fund website accessed 28 November 2007

NOTES:-- Most mutual funds and ETFs change their fees and trading strategies relatively little over time. Because investment expenses, trading/turnover costs, fund maturity, and operating efficiency account for 80% of the Fund Authority Score rating system, Fund Authority Scores tend to remain relatively stable over time for such consistent investment funds.-- The date in the table above indicates when fund information was accessed from SEC EDGAR filings and/or the fund company website. Normally, data used to develop Fund Authority Scores rely upon reporting periods ending the previous calendar quarter or half year.

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-- Fund Authority Scores are developed on a fund by fund basis. Just because a mutual fund or ETF has a high Fund Authority Score does not mean that other funds from that fund family do, as well. On your own, always be careful to check current management expenses, sales loads, portfolio turnover, fund maturity, fund size, fund performance, and other current factors before investing in any diversified investment fund.

-- If you do not need and/or are unwilling to pay the direct and indirect costs of an investment counselor, stock broker, or other financial advisory intermediary, you should note that many mutual

funds can be purchased directly from diversified investment fund families by accessing their websites or by calling their customer service telephone numbers. Similarly many ETFs can be purchased with lower transactions fees through discount brokers. (See these articles: [Payment of Investment Advisors, Financial Planners, and Investment Counselors](#))-- DISCLAIMER: THERE ARE NO WARRANTIES, EXPRESSED OR IMPLIED, FOR THIS WEBSITE, INCLUDING NO WARRANTY FOR MERCHANTABILITY AND NO WARRANTY FOR FITNESS FOR ANY PARTICULAR PURPOSE. Read here this website's [TERMS OF USE](#).-- Your decision on whether to purchase or to sell any investment security is yours and yours alone. This TSI Site is a financial publication and is solely for informational and educational purposes related to your personal, private, and non-commercial use. Our articles report on publicly available documents and research studies. We have not verified any of the information reported in the information provided, and there could be errors with this information. It is solely your responsibility to verify any and all information before investing or purchasing any financial product or service. In no way does this site constitute a solicitation or offer to sell securities or investment advisory services. This site does not provide investment advice.