

ASTON/Montag & Caldwell Growth I MCGIX

This mutual fund's disciplined growth strategy has been a long-term winner.

11-17-11 by David Kathman, CFA

ASTON/Montag & Caldwell Growth is a good growth option for jittery investors.

A stable, experienced team is in charge of this fund. Ron Canakaris has managed it since its 1994 inception and has spent nearly 40 years at Montag & Caldwell, where he oversees a team of portfolio managers and analysts who have been with the firm an average of 18 years. Stability is also a hallmark of the portfolio, whose 35 to 40 stocks consist primarily of solid mega-cap growers such as Coca-Cola KO, Procter & Gamble PG, and Apple AAPL. The managers look for firms that can grow earnings at least 10% a year over time, but they're not willing to pay too much and will sell stocks that go more than 20% above their estimated present value.

This approach has made this fund quite a bit less volatile than its average large-growth peer, with a standard deviation that's among the lowest in the category over the past five, 10, and 15 years. Somewhat paradoxically, that stability translates into relative returns that can seem to be all over the place. When the market is down, the fund tends to hold up quite well relative to its peers, as it did in 2008. On the other hand, in speculative bull markets the fund tends to lag those same peers, as it did in 2009 and 2010.

That pattern has continued in the up-and-down market of 2011. The fund trailed about two thirds of its large-growth peers in the first half of the year, then ranked in the category's top 5% when stocks plunged in the third quarter amid investor jitters over the European debt crisis and fears of a new recession. As of Nov. 17 it ranks in the category's top quartile for the year to date. The managers expect continued market volatility at least into mid-2012, the type of environment where this fund tends to shine.

Regardless of what happens in the short term, this is an excellent fund, one of our favorites in the large-growth category. It's especially appropriate for investors who want some growth exposure but also want to keep risk in check.

Morningstar's Take MCGIX

Morningstar Rating	****		
Morningstar Anayst Rating	₩ Gold		
Morningstar Pillars			
Process	Positive		
Performance	Positive		
People	Positive		
Parent	Neutral		
Price	Neutral		

Strategy

Manager Ron Canakaris and his 17-person investment team mix macroeconomic analysis with fundamental research. They stick to large-cap names, favoring those with earnings-growth rates of at least 10%. They're not willing to pay through the nose, however, and will consider selling a stock when it reaches a 20% premium to their calculation of its intrinsic value.

Management

Ron Canakaris has been in charge of this fund since its 1994 inception and compiled a strong record in 26 years with near-clone AXA Enterprise Growth, which was merged away in December 2007. Although Canakaris is the architect of the fund's strategy and leader of the research team, specific investment decisions are made by a committee of 11 portfolio managers with the help of six analysts.

Fund Performance MCGIX					
Year	Total Return (%)	+/-Category			
2011	3.37	5.83			
2010	8.55	-6.98			
2009	30.15	-5.53			
2008	-32.48	8.19			
Data through 1	2-31-11				

Performance and Disclosure	ANNUALIZED TOTAL RETURNS				
as of 9/30/12	1 Year	5 Year	10 Year	Since Inception	Inception Date
ASTON/Montag & Caldwell Growth - I Class	26.08%	3.18%	7.24%	6.97%	6/28/96
ASTON/Montag & Caldwell Growth - N Class	25.76%	2.92%	6.96%	8.72%	11/2/94
Russell 1000 Growth Index	29.19%	3.24%	8.41%	7.63%	6/28/96
Morningstar Large Growth Category	26.84%	1.10%	7.74%	5.28%	6/28/96

The performance data quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, upon redemption, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month-end, please visit our website at www.astonfunds.com. The Fund's Class I gross and net expense ratios are 0.82% and 0.81% respectively. The Class N gross and net expense ratios are 1.07% and 1.06% respectively. The net expense ratios exclude acquired fund fees.

Marris arator® Dardsin ara	Class I	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Morningstar® Rankings	Percentile Rank	54	58	15	58
Based on Total Return as of 9/30/12	# of Funds	1,678	1,514	1,311	867

The highest or most favorable Morningstar percentile rank is 1 and the lowest percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Various rating agencies categorize funds differently. Past performance is no guarantee of future results.

The I Class **Morningstar Rating** based on risk-adjusted returns for 9/30/12 was 4 stars for Overall, 3 stars for the 3-yr period, 5 stars for the 5-yr period, and 3 stars for the 10-yr period against 1514, 1311, and 867 US-domiciled Large Growth funds respectively.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is derived from a weighted-average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. © Morningstar, Inc.

The **Russell 1000 Growth Index** is an unmanaged index measuring the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth value. Indices are for the reinvestment of capital gains and income dividends. Individuals cannot invest in an index.

On September 30, 2012, the holdings percentage in the portfolio was as follows: Coca-Cola 4.49%, Proctor & Gamble 2.15% and Apple 4.45%. The Fund is actively managed. Holdings and weightings are subject to change daily. Standard deviation is the annual rate of return of an investment to measure the investment's volatility.

Note: Growth stocks are generally more sensitive to market moves and thus may be more volatile than other stocks.

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