

The Kiplinger 25 list of our favorite no-load mutual funds dates back to 2004, and our coverage of mutual funds goes all the way back to the 1950s. We believe in holding funds rather than trading them, so we focus on promising mutual funds with solid long-term records – and managers with tenures to match.

Over the past 12 months, U.S. stocks hit new highs, and then a viral pandemic snuffed out a nearly 11-year bull market, wiping out gains in just days. It's a difficult time to take stock of the Kiplinger 25, but over the long haul, our favorite actively managed funds hang tough.

Over the past decade, for instance, the 11 U.S. diversified stock funds with 10-year records returned an average of 10.3% annualized, a touch behind Standard & Poor's 500-stock index. Our seven bond funds as a group beat the Bloomberg Barclays U.S. Aggregate Bond index over the past five and 10 years on an annualized-return basis.

Here are our picks for the best 25 low-fee mutual funds: what makes them tick, and what kind of returns they've delivered.

Dodge & Cox Stock

SYMBOL: [DODGX](#)

1-YEAR RETURN: -16.1%

3-YEAR RETURN: -1.1%

5-YEAR RETURN: 3.8%

10-YEAR RETURN: 8.9%

YIELD: 2.4%

EXPENSE RATIO: 0.52%

The focus: Cheap shares in large firms.

The process: Ten managers home in on well-established companies with attractive prices and long-term prospects. Portfolio managers are patient and invest with a three- to five-year horizon in mind.

The track record: The fund is prone to streaky returns because the managers' out-of-favor bets can take time to play out. Be patient. Over the past 10 years, the fund's 8.9% annualized return beats 80% of its peers, funds that invest in bargain-priced large-company stocks. But, like many value-oriented funds, it lags Standard & Poor's 500-stock index.

The upshot: Markets are cyclical, and this investing style will come back.

Mairs & Power Growth

SYMBOL: [MPGFX](#)

1-YEAR RETURN: -4.3%

3-YEAR RETURN: 4.3%

5-YEAR RETURN: 6.2%

10-YEAR RETURN: 10.4%

YIELD: 1.8%

EXPENSE RATIO: 0.64%

The focus: Upper Midwest firms of all sizes with durable competitive advantages, trading at bargain prices.

The process: Three managers spend months analyzing a company's niche in its market and its management team before they buy. The fund tilts toward health care and industrial firms. But unlike many large-cap U.S. stock funds, tech giants don't fill the portfolio's top 10, with one exception: Alphabet (Google's parent) is the top holding.

The track record: The fund "struggles in strong markets and picks up ground in downturns," says lead manager Andy Adams. Growth's 15-year annualized return beats 78% of similar funds. But over the past 12 months, it lags 56% of its peers.

The upshot: The pandemic has roiled stocks, but the managers will "stick to their knitting," says Adams.

Primecap Odyssey Growth

SYMBOL: [POGRX](#)

1-YEAR RETURN: -14.7%

3-YEAR RETURN: 4.0%

5-YEAR RETURN: 6.5%

10-YEAR RETURN: 10.6%

YIELD: 1.2%

EXPENSE RATIO: 0.65%

The focus: Long-term bets on attractively priced, fast-growing firms.

The process: Five managers run a portion of assets independently. They all look for companies with better growth prospects than their share prices imply. And they buy for the long term: The typical holding period is 10 years.

The track record: This aggressive growth fund's one-year return ranks behind 99% of its peers, in part because of big drops in Alkermes, iRobot and Nektar Therapeutics. Smart investors will hold on. The fund's 15-year record beats the S&P 500 by an average of 1.4 percentage points per year.

The upshot: These proven managers know how to block out the noise. We're hanging in.

T. Rowe Price Blue Chip Growth

SYMBOL: [TRBCX](#)

1-YEAR RETURN: 0.4%

3-YEAR RETURN: 13.4%

5-YEAR RETURN: 11.5%

10-YEAR RETURN: 14.3%

YIELD: 0.6%

EXPENSE RATIO: 0.70%

The focus: Established companies with strong growth prospects.

The process: Manager Larry Puglia favors firms with sustainable competitive advantages over rivals, strong cash flow, healthy balance sheets and executives who spend in smart ways. He sold Tesla in 2019 because uncertainty about demand for cars and choppy profit margins made him less sure about the firm's future. In April, Puglia took on an associate manager, Paul Greene, but says he has no plans to retire.

The track record: Puglia beats the S&P 500 index handily over the past three, five and 10 years—and, despite the recent market volatility, over the past 12 months as well.

The upshot: Blue Chip Growth was a prime beneficiary of the long bull market, but the fund has held up well since the market crashed. And over the long stretch of a full market cycle, Puglia has outpaced the S&P 500.

T. Rowe Price Dividend Growth

SYMBOL: [PRDGX](#)

1-YEAR RETURN: 0.1%

3-YEAR RETURN: 7.7%

5-YEAR RETURN: 8.3%

10-YEAR RETURN: 11.2%

YIELD: 1.9%

EXPENSE RATIO: 0.64%

The focus: Firms with a mindset to increase dividend payouts over time.

The process: Manager Tom Huber focuses on large, high-quality companies that generate strong free cash flow (cash profits after capital expenditures) and have the capacity and willingness to raise their payouts.

The track record: The fund beat the S&P 500 over the past year. Its 10-year annualized return of 11.2% kept pace with the index and beats 91% of its peers (funds that invest in stocks with value and growth traits).

The upshot: This fund, an all-weather portfolio, keeps pace in good markets and holds up well in down markets.

TIAA-CREF Core Impact Bond

SYMBOL: [TSBRX](#)

1-YEAR RETURN: 7.6%

3-YEAR RETURN: 4.5%

5-YEAR RETURN: 3.2%

10-YEAR RETURN: --

YIELD: 1.9%

EXPENSE RATIO: 0.65%

The focus: Bonds issued by companies that meet high environmental, social and governance (ESG) standards, as well as projects that deliver a measurable environmental or social impact.

The process: Veteran bond picker and lead manager Stephen Liberatore invests just under two-thirds of the fund in attractively priced, high-quality debt issued by firms that pass his own carefully honed ESG measures. He devotes about 40% of the fund's assets to fund projects related to alternative energy, affordable housing or community development. The fund was formerly called Social Choice Bond.

The track record: The fund's 3.3% annualized return since it launched in 2012 beats 76% of similar bond funds, as well as the Agg index.

The upshot: Investors don't sacrifice performance or yield with these ESG- and impact-focused bonds. The fund yields 1.85%.

Vanguard Equity-Income

SYMBOL: [VEIPX](#)

1-YEAR RETURN: -8.4%

3-YEAR RETURN: 2.7%

5-YEAR RETURN: 5.9%

10-YEAR RETURN: 10.3%

YIELD: 3.1%

EXPENSE RATIO: 0.27%

The focus: Dividend-paying stocks.

The process: Wellington Management's Michael Reckmeyer runs two-thirds of the assets; Vanguard's in-house quantitative stock-picking group manages the rest. Together, they build a portfolio of about 200 large companies, including JPMorgan Chase, Verizon and Johnson & Johnson.

The track record: Health care stocks were a boon to the fund in 2019, but early 2020 market losses beat back its one-year return to a loss of 8.4%. Over the past decade, it beat 97% of its peers (funds focused on large, value-priced firms). The fund yields 3.07%.

The upshot: The fund offers above-average returns for below-average risk.

DF Dent Midcap Growth

SYMBOL: [DFDMX](#)

1-YEAR RETURN: 6.1%

3-YEAR RETURN: 14.8%

5-YEAR RETURN: 11.5%

10-YEAR RETURN: –

YIELD: 0.4%

EXPENSE RATIO: 0.98%

The focus: Midsize growing companies.

The process: Four managers find solid businesses that dominate their industries, generate plenty of cash and are run by executives who spend wisely. The fund will hold on to shares as long as a firm is still growing fast. Shares in large-cap stock Intuitive Surgical have been in the fund since 2015.

The track record: The fund was the Kip 25's best stock fund over the past 12 months, with a 6.1% gain. And it beat the majority of its peers in six of the past eight calendar years.

The upshot: Mid caps are often in the market's sweet spot. Typically, these firms are growing faster than large companies and are less volatile than small businesses.

Parnassus Mid Cap

SYMBOL: [PARMX](#)

1-YEAR RETURN: -8.1%

3-YEAR RETURN: 3.0%

5-YEAR RETURN: 5.3%

10-YEAR RETURN: 10.1%

YIELD: 1.3%

EXPENSE RATIO: 0.99%

The focus: Growing midsize firms that pass environmental, social and governance measures.

The process: Two longtime managers, 18 analysts and a dedicated ESG team pick 40 stocks, with sustainability in mind. US Food Holdings, a food distributor, and Republic Services, a waste-collection service, are top holdings.

The track record: The fund's 12-month return bested 90% of its peers. Over 10 years, the fund's 10.1% annualized return beat 95% of its peers.

The upshot: The managers have been lightening up on sectors vulnerable in a downturn, such as materials and information technology, and loading up on health care and real estate.

T. Rowe Price Small-Cap Value

SYMBOL: [PRSVX](#)

1-YEAR RETURN: -19.0%

3-YEAR RETURN: -2.4

5-YEAR RETURN: 2.8%

10-YEAR RETURN: 7.5%

YIELD: 1.4%

EXPENSE RATIO: 0.83%

The focus: Unloved, under-the-radar, bargain-priced small companies.

The process: Financially sound firms with a competitive edge over rivals and a strong management team make it into the fund. Belden, a maker of networking and cable products, and internet and cable service provider Cable One are top fund holdings.

The track record: Small-cap value stocks have been the worst-performing U.S. category in recent years. But this fund beat the Russell 2000 index over the past 12-month and five-year periods.

The upshot: These days, small-cap stocks are cheap. They trade at 12 times expected earnings, on average, below the average price-earnings multiple of 15 for large firms.

T. Rowe Price QM U.S. Small-Cap Growth

SYMBOL: [PRDSX](#)

1-YEAR RETURN: -9.9%

3-YEAR RETURN: 4.0%

5-YEAR RETURN: 5.0%

10-YEAR RETURN: 11.7%

YIELD: 0.6%

EXPENSE RATIO: 0.80%

The focus: Small, growing companies.

The process: Using quantitative models (hence the “QM” in its name) developed initially while he was in academia, Sudhir Nanda and his team focus their sights on high-quality, highly profitable firms with reasonably priced shares. Cable One, an internet and cable service provider, and electronic payment firm Euronet Worldwide are top holdings.

The track record: The fund beat the Russell 2000 small-cap stock index over the past one, five and 10 years.

The upshot: Since the end of 2019, shares in small companies have lost a whopping 27%. But Nanda focuses more on an individual company’s business characteristics than on big-picture market or economic issues.

Wasatch Small Cap Value

SYMBOL: [WMCVX](#)

1-YEAR RETURN: -23.6%

3-YEAR RETURN: -2.4%

5-YEAR RETURN: 1.1%

10-YEAR RETURN: 8.2%

YIELD: 2.1%

EXPENSE RATIO: 1.20%

The focus: Temporarily underpriced shares in small, fast-growing firms.

The process: This is a growth-ier value fund. The portfolio's 50-odd stocks fall into one of three buckets: undiscovered, little-known companies (such as LGI Homes); firms suffering a temporary setback (Lithia Motors); and cheap stocks in steadier, slow-growth businesses (Arbor Realty Trust).

The track record: The fund got walloped over the past 12 months, but its three-, five- and 10-year records rank among the top 28% or better of similar funds.

The upshot: Despite their recent poor performance, small-cap stocks offer higher growth potential than their large-company brethren. To cash in, you must have a long-term view and be willing to bear some turbulence

Fidelity International Growth

SYMBOL: [FIGFX](#)

1-YEAR RETURN: 1.0%

3-YEAR RETURN: 6.1%

5-YEAR RETURN: 4.4%

10-YEAR RETURN: 6.8%

YIELD: 1.6%

EXPENSE RATIO: 0.99%

The focus: Growing foreign companies.

The process: Manager Jed Weiss homes in on firms with good growth prospects and strong niches in their businesses that give them pricing power—the ability to hold prices firm in bad times and raise them in good times.

The track record: Weiss outpaced the MSCI EAFE index in nine of the past 11 calendar years. Last year, his fund's 1.0% return beat 97% of all foreign large-company stock funds. The fund tends to hold up well in bad markets.

The upshot: Weiss picks stocks one at a time, but he says long-term growth themes, including the shift toward digital payment systems (holdings include Visa and Mastercard) and the growing demand for faster chips (ASML Holding, [TSMC](#)), are set to propel returns going forward.

Oakmark International

SYMBOL: [OAKIX](#)

1-YEAR RETURN: -23.9%

3-YEAR RETURN: -8.1%

5-YEAR RETURN: -3.7%

10-YEAR RETURN: 2.9%

YIELD: 3.9%

EXPENSE RATIO: 0.98%

The focus: Low-priced foreign stocks.

The focus: Cheap foreign stocks in developed countries.

The process: The managers like midsize-to-large firms with good prospects that trade at a 30% or greater discount to the managers' assessment of their value. The fund is heavy in consumer-oriented firms, financials and industrials—all troubled sectors of late—and doesn't own a lot of tech stocks, says lead manager David Herro. Firms in Europe and the U.K. make up 77% of the portfolio.

The track record: Brexit and low interest rates were a drag in late 2018; more recently, the fund was hit by trade spats and the coronavirus. The fund's 23.9% loss over the past year stings, but over the past decade the fund beat the MSCI EAFE index by an average of 0.7 percentage point per year.

The upshot: Markets may remain volatile, compounded by currency swings, but we haven't lost faith in Herro.

Baron Emerging Markets

SYMBOL: [BEXFX](#)

1-YEAR RETURN: -12.6%

3-YEAR RETURN: 0.4%

5-YEAR RETURN: 1.1%

10-YEAR RETURN: –

YIELD: 2.0%

EXPENSE RATIO: 1.36%

The focus: Emerging-markets firms of all sizes.

The process: Manager Michael Kass favors profitable, growing firms with steady competitive advantages. Asian tech giants Alibaba Group, TSMC and Tencent Holdings top the portfolio.

The track record: After a decade of sluggish returns, peppered with a few good years (such as 2019), emerging-markets stocks got socked again, this time by the coronavirus. Over the past year, the fund lost 12.6%, but that beat the MSCI Emerging Markets index.

The upshot: There's uncertainty about the impact of the coronavirus on emerging-markets economies. Wait it out to buy, if you're nervous, but it's not a time to sell.

AMG TimesSquare International Small Cap Fund

SYMBOL: [TCMPX](#)

1-YEAR RETURN: -15.6%

3-YEAR RETURN: -2.6%

5-YEAR RETURN: 1.4%

10-YEAR RETURN: –

YIELD: 2.3%

EXPENSE RATIO: 1.23%

The focus: Small firms in developed foreign countries.

The process: Four managers circle the globe to find best-in-class companies. Japan, the U.K. and France are the fund's biggest country exposures.

The track record: Small-cap foreign stocks have not fared well compared with shares in larger companies in recent years. But over the past 12 months, the fund beat its benchmark, the MSCI EAFE Small Cap index, by nearly five percentage points.

The upshot: Volatility doesn't faze these managers. "We can't guess what the market will do tomorrow, but we can invest in outstanding companies we think can continue to grow," says lead manager Magnus Larsson.

Fidelity Select Health Care

SYMBOL: [FSPHX](#)

1-YEAR RETURN: 2.5%

3-YEAR RETURN: 10.5%

5-YEAR RETURN: 5.7%

10-YEAR RETURN: 15.9%

YIELD: 1.6%

EXPENSE RATIO: 0.71%

The focus: Health-care stocks.

The process: Eddie Yoon, manager since 2008, divides the portfolio into three parts: steady, growing firms (such as UnitedHealthcare), which make up the biggest chunk of the fund; fast-growing, proven companies with focused niches (Sarepta Therapeutics); and emerging biotech businesses (Kura Oncology).

The track record: Yoon's 10-year annualized record beats 94% of all health-care-focused funds.

The upshot: Yoon is getting defensive, piling into stable growers, while keeping an eye on innovative firms in areas such as gene and cell therapy.

Vanguard Wellington

SYMBOL: [VWELX](#)

1-YEAR RETURN: 0.7%

3-YEAR RETURN: 5.2%

5-YEAR RETURN: 6.0%

10-YEAR RETURN: 8.3%

YIELD: 2.4%

EXPENSE RATIO: 0.25%

The focus: A balanced portfolio of roughly 60% stocks and 40% bonds. Buy shares through Vanguard if you're new to the fund; otherwise it's closed.

The process: Managers focus on large-company, dividend-paying stocks, high-quality government bonds and investment-grade corporate debt. The fund yields 2.37%.

The track record: Despite the coronavirus, the fund beat 82% of its peers and the S&P 500 over the past year.

The upshot: The managers like a bargain. Before the pandemic, they were waiting for discounts in large banks and consumer names such as Home Depot. Defensive moves on the bond side, such as focusing on the highest-quality corporate debt and setting aside cash for a correction, were well timed.

DoubleLine Total Return Bond

SYMBOL: [DLTNX](#)

1-YEAR RETURN: 6.6%

3-YEAR RETURN: 4.3%

5-YEAR RETURN: 3.2%

10-YEAR RETURN: –

YIELD: 3.0%

EXPENSE RATIO: 0.73%

The focus: Mortgage-backed securities.

The process: Three managers balance government-guaranteed mortgage-backed bonds—which are sensitive to interest-rate moves (when interest rates rise, bond prices fall, and vice versa) but have no default risk—with non-agency mortgage bonds, which have some risk of default, but little interest-rate sensitivity.

The track record: The fund doesn't hold corporate debt, which has hurt relative returns in recent years. Over the past five years, the fund's 3.2% annualized return lags the Bloomberg Barclays U.S. Aggregate Bond index.

The upshot: Mortgage rates dipped to all-time lows in March. And the primary risk for most mortgage-backed bonds is the potential that mortgage holders will prepay their principal. We're watching the fund closely. Meanwhile, it yields 2.99%.

Fidelity Intermediate Municipal Income

SYMBOL: [FLTMX](#)

1-YEAR RETURN: 3.6%

3-YEAR RETURN: 3.5%

5-YEAR RETURN: 2.6%

10-YEAR RETURN: 3.2%

YIELD: 1.1%

EXPENSE RATIO: 0.35%

The focus: Debt that is exempt from federal income taxes, issued by states and counties to fund expenses such as schools and transportation.

The process: Four managers choose high-quality, attractively priced muni bonds. Managing risk is a priority, too.

The track record: This fund consistently posts above-average returns in its category. It rarely tops the charts, but it tends to hold up better in downturns.

The upshot: Muni bonds were richly priced until COVID-19 events fueled a sell-off. But low rates and steady demand may prop up prices. The fund yields 1.06%, or 1.79% for investors in the highest tax bracket.

Fidelity New Markets Income

SYMBOL: [FNMIX](#)

1-YEAR RETURN: -4.4%

3-YEAR RETURN: 0.0%

5-YEAR RETURN: 3.7%

10-YEAR RETURN: 4.8%

YIELD: 4.4%

EXPENSE RATIO: 0.82%

The focus: Emerging-markets government bonds issued in U.S. dollars.

The process: Two managers just took over for longtime helmsman John Carlson. They mesh economic and country analysis with nitty-gritty research on individual IOUs.

The focus: Emerging-markets debt.

The process: Longtime manager John Carlson has retired, but his replacements, Jonathan Kelly and Timothy Gill, are longtime analysts for the fund. Not much will change. The fund will still focus on dollar-denominated government bonds, but Kelly says he will likely hold a more consistent position in corporate debt, now 11% of assets. Mexico, Turkey and Ukraine are its top country exposures.

The track record: Carlson's 15-year return topped 23% of emerging-markets debt funds. We're watching closely to see how Kelly and Gill do.

The upshot: Yields on emerging-markets debt are still near historic lows, despite the pandemic. But the coronavirus has cast a long shadow on near-term economic growth expectations in emerging countries. Even so, the fund's yield, 4.42%, is attractive.

Metropolitan West Total Return

SYMBOL: [MWTRX](#)

1-YEAR RETURN: 8.7%

3-YEAR RETURN: 4.7%

5-YEAR RETURN: 3.0%

10-YEAR RETURN: 4.6%

YIELD: 1.7%

EXPENSE RATIO: 0.67%

The focus: High-quality intermediate-maturity bonds.

The process: Four bargain-minded managers make the big-picture calls on the economy and invest accordingly in investment-grade bonds (those rated triple-B or better).

The track record: The fund got defensive early, nipping returns in 2016 and 2017. But its conservative position—it's currently loaded up on Treasuries, government mortgage-backed bonds and investment-grade corporates—has been a boon over the past year, especially since the start of 2020.

Total Return's one-year return beats 85% of its peers, and its 10-year annualized return of 4.6% beats 81% of its peers and the Bloomberg Barclays U.S. Aggregate Bond index.

The upshot: The managers are "patient and disciplined," says Morningstar analyst Brian Moriarty, and that should continue to set this fund's performance apart over the long term. The fund yields 1.73%.

SYMBOL: [FADMX](#)

1-YEAR RETURN: -0.4%

3-YEAR RETURN: 2.5%

5-YEAR RETURN: 2.9%

10-YEAR RETURN: 4.1%

YIELD: 2.9%

EXPENSE RATIO: 0.68%

The focus: The fund seeks to deliver more yield than the Bloomberg Barclays Aggregate U.S. Bond index by investing in a blend of government debt and junkier, higher-yielding bonds. The fund yields 2.93%.

The process: Comanagers Ford O'Neil and Adam Kramer make broad calls on which bond sectors to emphasize while specialists do the individual bond picking.

The track record: Since June 2012, when O'Neil came on board, the fund has returned 3.3% annualized, which has beaten the Agg index.

The upshot: These days, the fund holds mostly high-yield debt (just over 40% of assets), government securities (22%) and emerging-markets bonds (15%).

Vanguard High-Yield Corporate

SYMBOL: [VWEHX](#)

1-YEAR RETURN: 0.4%

3-YEAR RETURN: 3.3%

5-YEAR RETURN: 3.7%

10-YEAR RETURN: 6.0%

YIELD: 5.1%

EXPENSE RATIO: 0.23%

The focus: Corporate debt rated below investment grade.

The process: Manager Michael Hong keeps risk at bay by focusing on debt rated double-B, the highest quality of junk bonds.

The track record: The fund struggles to top the charts in go-go years, but it leads in so-so years. All told, its 10-year annualized return beats 89% of its peers. It yields 5.05%.

The upshot: High-yield rates, on average, were near historic lows until the pandemic bumped them above 6% in early March. (When rates rise, bond prices fall, and vice versa.) We're watching this fund carefully.

Vanguard Short-Term Investment Grade

SYMBOL: [VFSTX](#)

1-YEAR RETURN: 4.3%

3-YEAR RETURN: 2.8%

5-YEAR RETURN: 2.4%

10-YEAR RETURN: 2.5%

YIELD: 1.9%

EXPENSE RATIO: 0.20%

The focus: To deliver a higher yield than cash and short-term government bonds. The fund yields 1.90%.

The process: Three managers, who took over in April 2018, invest in high-quality corporate debt, pooled consumer loans and Treasuries, with maturities that range between one and five years.

The track record: The fund has returned 3.8% annualized since 2018, which outpaces 87% of its peers.

The upshot: Low rates mean low yields for now. But pressing uncertainties, such as the impact of coronavirus, negative rates in other parts of the world and geopolitical risks, make this fund a welcome haven