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AFR Smart Investor and researchers Morningstar have tested 228 Australian equity funds to determine which are the best performers and offer the lowest fees. The funds have been rated A for the best then B, C, D and F for the worst. Coming with top marks from the AFR test, is the Austock Australian Equity Fund. The fund earned 33.14 per cent a year and charges investors only 1.08 per cent in fees, holding stakes in Woolworths, Computershare, Transfield Services, BHP Billiton and Rio Tinto. The other 19 A-grade funds include, Prime Value Asset Management which has holdings in Orica, the ABN Amro Australian Equity Fund which gained through the merger of the Australian Stock Exchange and the Sydney Futures Exchange and coming in fourth and fifth were Axa/AllianceBernstein which was driven by the performance of Incitec Pivot, Zinifex and Promina. Funds managed by Portfolio Partners, Merrill Lynch and Macquarie Funds Management also made the A-Grade. Funds which fall into the F-grade, the lowest performers, include the Australian Share Fund, purchased through Skandia and Perpetual, the Sandhurst Industrial Fund and the Advance Imputation Fund. The AFR lists the methodology behind the testing and incorporates a number of tables listing all 228 funds. Fund managers, such as Silvio Gasparet of Austock Asset Management and Leanne Pan of Prime Value Asset Management, list the key drivers to their fund's success in the past three years, with notable mentions of Oil Search, Caltex, Transfield Services, Woolworths and Suncorp which took over Promina.

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MENTIONS: ABN Amro (2*), Austock (1*), AXA (1*), BHP Billiton (3*), Caltex (1*), Incitec (4*), Merrill Lynch (1*), Oil Search (1*), Orica (2*), Perpetual (1*), Portfolio Partners (3*), Promina (3*), Rio Tinto (3*), Skandia (1*), Suncorp (1*), Sydney Futures Exchange (1*), Transfield (1*), Woolworths (2*), Zinifex (3*), Aristocrat (1*), Macquarie (1*), Morningstar (1), Austock Australian Equity Fund (1), Woolworths (3), Computershare (3), Transfield Services (2), Prime Value Asset Management (2), WorleyParsons (2),