"The fund managers say they love 'buy and hold,'" complains one market timer. "But that's only because they get to hold on to the money."

Whether timers like Slothower and Young are really doing their clients a service is debatable; many of the world's leading financial experts contend that market timing is futile. But the real issue here is not the effectiveness of market timing but the indirect harm such rapid trading inflicts on the rest of us shareholders.

There don't seem to be many guilty consciences among the big market timers. "It disrupts [the funds] to some extent," admits Young, who says he has a person on his staff who serves as a liaison to fund companies. "But my attitude is 'if you can't take the heat....'"

Slothower of Strategic Capital goes further and bats the blame right back at the fund companies themselves. "We've got a real conflict here. The fund managers say they love 'buy and hold,' but that's only because *they* get to hold on to the money," says Slothower. "A lot of fund companies accept our money no questions asked, but then when the market turns down and we [redeem shares], they call us and say, 'We don't like your business.'"

Slothower, whose idea of a long-term holding period is months, says he's up front with fund companies about his approach and tries to avoid firms that don't like rapid-fire trading. But he doesn't always know which companies will object when he dumps their funds. He recalls a recent tiff after he turned a quick round-trip trade at the Berger Funds: "They just called us...and said we can't use their fund."

Paragon's Young, a former professional magician who's pulled a $4 million disappearing act with some funds, adds that many firms can be downright two-faced about trading. "One person at Strong Funds is telling you they don't want your business," he says, "while at the same time a salesman is trying to get you in." James O'Connor of $250 million BG Associates in Phoenix recalls being booted out of Cohen & Steers Realty after making a large sale, only to have one of the firm's salesmen buttonhole him at a conference sponsored by Charles Schwab and beg O'Connor to come back in. Executives at both Strong and Cohen & Steers say that they would never knowingly solicit money from rapid traders.

In any case, there's no reason to assume these warring armies will make peace any time soon. For investors, the struggle between portfolio managers and market timers is going to remain an unfortunate part of life. Again, we want to emphasize that this doesn't change the fact that mutual funds remain the best way for most investors to capture reasonable returns without excessive risk. It does mean, though, that you do need to choose funds more carefully.

ON LINE Can mutual funds heal themselves? MONEY senior writer Jason Zweig will discuss this issue and answer questions Aug. 16, 5 p.m. ET at the MoneyLive Chat Center at chat.yahoo.com.

FINDING SAFE HAVENS

Here are some things you should know that can protect you from becoming a casualty of this power struggle. • Fund companies that do not participate in the "no transaction fee" fund-trading programs of discount brokerages—Vanguard, T. Rowe Price, Acorn and Longleaf, among others—are largely shielded from the fund wars.

• The market timers themselves told MONEY that several firms fight with special ferocity to keep them out; Baron, Oakmark and Montgomery have bad reputations among timers, a fact that should be reassuring to more patient investors in those funds.

• Redemption fees—the sales charges levied on people who hold a fund for less than a minimum period, often 180 days—tend to keep timers out. Plus, the fees go back into the fund, not to the fund company. And precisely because of the war over market timing, more and more funds are instituting these fees, as Oakmark did in July.

• Hot performance streaks, typically enjoyed by funds that buy more volatile investments like small stocks, foreign stocks or junk bonds, quickly draw fire from the market timers. Today when you buy a hot fund, you face not only the traditional danger that it will go cold on you but also the new danger that market timers will rampage through it, wrecking your investment return and inflaming your tax return.

• Conversely, funds with a history of generating consistent, moderate returns rarely attract the attention of the big hot-money crowd.

• Index funds based on broad benchmarks like Standard & Poor's 500, the Wilshire 5000 or the Russell 2000 tend to be relatively free from invasions by market timers.

• A big fund—with assets of $5 billion or more—typically is unlikely to suffer much damage from market timing, since even a $50 million redemption would not exceed 1% of the fund's total assets. (Of course, big funds have other drawbacks, including less flexibility in trading.)

• Call a fund's toll-free number and ask the representative if the prospectus allows the portfolio manager to cash out redeeming shareholders with a "payment in kind." This option, which usually covers only redemptions that exceed $250,000, enables the fund to meet withdrawals not with cash but with proportional amounts of every stock in the portfolio. This provision is almost never used, but the mere threat of ending up with, say, 11.794 shares of a Malaysian sewer company instead of cash may be enough to keep some timers out of the fund.