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Fidelity's Next President?

Ever since Fidelity president Rodger Lawson announced his plans to retire at the end of March, the investment world has been abuzz with speculation over who will replace him. One of the most discussed candidates is Abigail Johnson, daughter of Fidelity's CEO and chairman, Ned Johnson.

Johnson (the younger), who runs Fidelity's personal and workplace investing business, appeared at a conference for technology providers to the mutual fund and 401(k) industry earlier this week in Miami and spoke about the nuts and bolts of running the operational side of the business. She declined to comment on any succession plans for the firm, but it is believed she is being groomed for that role, having formerly been involved with investment management side of Fidelity before moving to her current position, where she is responsible for keeping customers in the fold as they retire.

Johnson did mention that she feels the industry is recovering from the bear market of 2008 and 2009, attributing the prognosis to "the kind of volumes that we're seeing, and the kinds of phone calls that we get from our customers—there's definitely a more stable trend."

As to when and if Johnson will be tapped for Fidelity's top job, the rumors will continue to swirl until (and likely after) the firm names Lawson's replacement.

Vanguard Swings, Misses

Last time, we wrote about how Fidelity had teamed up with iShares to offer 25 ETFs commission-free through their website, and speculated that this would be a blow to Vanguard's growing ETF business. This week, Vanguard's Brokerage Service responded with a less impressive move, offering 100 commission-free trades to Flagship clients every year, beginning in 2010. Last year Flagship investors got a dozen

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trades. This year it's 100, which is a big jump. Of course, to qualify you still have to commit at least a million dollars to Vanguard, which takes the offer off the table for a majority of investors. It remains to be seen if Vanguard has something else up its sleeve that might benefit a larger, less exclusive investor demographic, but for now, the advantage is still to Fidelity.

Fidelity Manager Changes

This week, Fidelity announced a couple of manager changes that took effect on February 17 due to Victor Thay's untimely death at the age of 35 earlier this month.

Heather Carrillo has taken over Thay's role as manager of Export and Multinational. Carrillo has been managing Select Computers since 2006. She joined Fidelity in 2000 as an equity research intern covering the satellite industry, and became a full-time equity research analyst in 2001. Carrillo has managed several other Select funds in her tenure, including Select Transportation, Select Air Transportation and Select Banking. Carrillo's career in finance began in 1994 with Alex Brown & Sons and has also included stretches with Morgan Stanley Dean Witter Discover & Co. and Westbrook Partners. According to Jim Lowell's proprietary manager ranking system, Carrillo has some big shoes to fill, as Thay was ranked 8th of 34 Fidelity growth and growth and income managers as of year-end 2009, while Carrillo was ranked 23rd of 23 Select fund managers.

Thomas J. Allen has succeeded Thay and Sammy Simnegar as manager of Advisor Global Capital Appreciation. Simnegar will continue to manage International Capital Appreciation, Advisor International Capital Appreciation and VIP International Capital Appreciation. Allen will continue to manage Advisor Mid Cap II Fund and VIP Mid Cap. Allen first joined Fidelity in 1985 in the Fund Accounting group, and returned to the firm in 1995 as an equity research analyst covering the insurance industry. Since then, he's managed Select Insurance from 1997 to 1999, and followed small-cap stocks as a member of Fidelity's small-cap equity research group from 1999 to 2001. Allen began managing VIP Mid Cap in 2001 and Fidelity Advisor Mid Cap II in 2004. Between his stints with Fidelity, Allen was a certified public accountant and audit manager with Price Waterhouse, and an equity analyst with MFS Investment Management. While Allen doesn't appear in Jim's year-end manager rankings, he's replacing two very able managers—Thay with his number 8 spot and Simnegar, who holds the top ranking out of 17 managers in the international category.

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