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January 11, 2008

We hope the holidays and the New Year find you well. As 2008 has opened, we have been focusing on the volatile behavior we continue to see in various markets—as well as the economy as a whole. In the financial markets we're experiencing volatility, which we expected, but we are also observing conflicting and confusing signals about the economy, much as we did in 2007. 2008 should be a very interesting year, but one we believe will end profitably, so long as we can absorb the short-term shocks it throws at us.

A key component of our investment philosophy is that a long-term view is crucial to building and maintaining investment wealth; *Time in the market, not market timing*. While the pundits on CNBC and their ilk may be painting doomsday scenarios, we've heard this all before, countless times. And while it makes for good television (according to the ratings agencies, anyway) it makes for lousy investment advice. As always, our goal is to "stay the course," while making rational changes to our clients' portfolio based on what we do best, by *Managing client concerns as well as returns*.

While some of the managers we are invested with experienced some short-term pain in 2007, we remain convinced that their long-term excellence will come back to the fore. At times like these it's critical to understand the value of the long-term, diversified investment strategy we adhere to at Adviser Investments. By investing for the long haul, we manage risk while continually delivering favorable returns.

Now, on with our update.

New Year, New Managers

With the changing of the calendar, both Fidelity and Vanguard made moves to update the management on several funds for 2008.

Fidelity's Manager Moves

As of January 1, Sammy Simnegar had taken over management responsibilities for Aggressive International, Advisor and VIP International Capital Appreciation and the foreign portion of Advisor Global Capital Appreciation, succeeding Darren Maupin. (Maupin decided that mutual fund management was not for him and retired from the field. His portion of the Asset Manager funds—international investments—will now be managed under the central fund structure the domestic portion adopted several months ago.) Victor Thay will remain co-manager on Advisor Global Capital Appreciation, handling the U.S. portion of the fund. Simnegar joined Fidelity in 1998 as an analyst, following the banks, lodging, REIT and telecommunications

In This Issue

- New Year, New Managers
- Fidelity's Manager Moves
- Vanguard Appoints a Successor

industries up until 2003, when he joined the Emerging Markets Team, following the energy, industrials and materials sectors within developing countries. His career prior to Fidelity included stints at JP Morgan and the Trans-Alliance Group. This is his first portfolio management appointment.

On January 4th, Fidelity appointed Patrick L. Venanzi manager of Mid Cap Growth, replacing Bahaa W. Fam, who was labeled "the most disappointing manager of 2007" by Jim Lowell's proprietary Manager Rankings (Fam managed only a 2.4% return in 2007, compared to his Russell MidCap Growth Index benchmark's 11.4% gain). Fam is moving on to a venture capital role with Fidelity Biosciences. Venanzi joined Fidelity as an intern in 2000, conducting research for the small-cap team, signing on full-time the following year with the core research group, where he followed retail stocks and the semiconductor industry. In 2005 he moved back to the small-cap team, this time covering property/casualty insurance companies and medical devices producers. In 2006 he joined the mid cap team, eventually earning this, his first management assignment.

Vanguard Appoints a Successor

On January 7th, Vanguard announced that Oliver E. Buckley, CIO and executive vice president of Franklin Portfolio Associates is joining David S. Cone as co-manager on Growth & Income, as well as Franklin's 25% portion of Morgan Growth. The plan is for Buckley, 54, to transition into the lead manager role in July 2008, at which point Cone will relinquish his responsibilities on those funds.

Buckley has 20 years of experience in the investment management field and has been with Franklin since 2000 as a vice president and portfolio manager. His prior experience includes a research position with Invesco, portfolio management with Martingale Asset Management and managing the equity consulting services at BARRA. He earned an MBA from the University of California at Berkeley, an MS in engineering-economic systems and a BS in mathematical science, both from Stanford University.

It's unclear what Cone (who is the president and CEO of Franklin) will be doing next, but we feel confident that Buckley will be able to capably assist and eventually replace him on the two funds. Cone is not the first manager from Franklin, a quantitative manager, to manage Growth & Income nor Morgan Growth (the firm has been advising the two funds since 1986 and 1990, respectively) and with a seven month transition process, we think that investors in the funds will not notice a difference once Buckley takes over.

About Adviser Investments

Adviser Investments is an independent, professional money management firm specializing in Fidelity and Vanguard mutual funds. With 1,400 clients and \$1.2 billion dollars under management, Adviser is one of the nation's largest mutual fund research and money management firms. Our staff of 35 investment professionals focuses on helping individual investors, trusts, foundations, and institutions meet their investment goals. Our minimum account size is \$350,000.

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