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March 23, 2007

### Fidelity Manager Changes

Fidelity has spun the manager carousel yet again, making a number of changes which took effect on March 1.

Focused Stock is now under the management of Stephen DuFour, who succeeds Robert J. Haber. Haber, who had ably managed the fund up to this point, will continue to manage institutional portfolios as well as "investment products" for non-U.S. investors at Pyramis Global Advisors, a division of Fidelity. DuFour's previous experience with Fidelity includes managing Equity Income II from 2000 to 2006, Advisor Equity Value and VIP Value from 2001 to 2006, having worked his way up through the managerial ranks with stints at Select Multimedia, Select Transportation, Advisor Natural Resources, Select Energy, Convertible Securities and Balanced from 1993 to 2000. He joined Fidelity in 1992 as a research analyst and was previously employed by Paine Webber's mergers and acquisitions department in the late '80s. DuFour is one of Fidelity's better managers, as graded by Jim Lowell's proprietary manager-ranking system, so it should be interesting to see what he brings to Focused Stock, which is already a serviceable mid-cap blend fund.

Gavin Baker took on a pair of sectors as March began, and now manages Select Wireless, Select Telecommunications and Advisor Telecommunications, picking up where Brian J. Younger left off (Younger will continue to co-manage Select Financial Services as well as its Advisor and VIP clones with Richard D. Manuel, Jr.). Baker has been with Fidelity since 1999, serving as a research analyst, first following the building materials industry, and later pharmaceuticals. He got his first shot at management in 2002, with Select Pharmaceuticals, which he managed until 2005, at which point he began following large-cap consumer stocks. In 2006 he was back to an analyst position, working with the large-cap growth group. He is now sector leader of the telecom and utilities equity research group.

Stavros Koutsantonis, in four years, has gone from serving in the Hellenic (Greek) Armed Forces to managing Select Environmental, where he succeeds Douglas Simmons. (Simmons will retain management responsibilities for Utilities, Select Utilities, Advisor Utilities and VIP Utilities.) Koutsantonis broke into the financial industry with Banc of America Securities in 2000, where he worked until his enlistment in 2003. In 2005 he interned with Davidson Capital Management, following biometrics companies, joining Fidelity in 2006 as a research analyst tracking environmental services stocks.

Vincent Montemaggiore has succeeded Christopher S. Bartel at Select Industrial Equipment (Bartel is now managing director of research for Fidelity's equity research organization). Montemaggiore joined Fidelity in 2004 as a research intern, following the technology industry and was given a full-time position in 2005, where he tracked advertising and publishing companies. In 2006, he added industrial companies to his research responsibilities, paving his way to his current position.

### **Vanguard's New Global Fund Opens**

On March 8, Vanguard opened the doors to its newest addition, the World ex-US Index fund, based on a FTSE index of the same name. As we reported last month, the fund comes in two flavors—regular investor shares and ETF shares.

Our opinion of the fund remains unchanged from when Vanguard first revealed its plans—it doesn't appear to offer greater performance or diversification than Vanguard's Total International Index and it comes at a higher cost (0.40% in expenses compared to Total International's 0.32%, plus a 0.25% front-end load).

The one redeeming feature of this new offering is the ETF share class, which costs just 0.25% in expenses (plus brokerage fees) and could serve as the broad international segment of a portfolio. But we do not feel it's worth trading out of Total International and into World ex-US nor owning both funds in the same portfolio. If the new fund's performance outpaces our expectations we may re-evaluate this view, but for now we do not see this fund as a buy.

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