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## In This Issue

- New Vanguard Manager? Not Quite
- Fidelity Momentum Manager Moves On

### **New Vanguard Manager? Not Quite**

Investors in Vanguard's U.S. Growth fund may have noticed a new sub-advisory firm listed on the fund as May began, even as the names of the individual managers stayed the same. This was a result of a joint venture between Delaware Investments and its four-person "Focus Growth Team," which split off to form Jackson Square Partners LLC, the "new" manager on Delaware's portion of U.S. Growth.

Jackson Square will continue to manage all of the funds and assets it was previously responsible for at Delaware, and it appears it had some new clients lined up as well, which altogether projected to tally up to around \$24 billion under management at launch—a respectable asset base for a "new" firm. Delaware, meanwhile, seems to have an ownership stake in its offshoot and will direct some future management assets Jackson Square's way.

The joint press release spoke of it being an opportunity for both Delaware and its former managers to grow their businesses. Reading between the lines, it seems like the Focus Growth Team wanted to establish some level of independence from Delaware and be able to market itself as a separate entity from the \$185 billion firm. The San Francisco-based team, which joined Delaware as a group from Transamerica Investment Management in 2005, had already been operating as a satellite branch of Delaware's main office in Philadelphia.

As for investors in U.S. Growth, the only impact on the fund we foresee is in the literature, with "Jackson Square Partners" replacing "Delaware Investments" in the prospectus, and annual and semiannual reports going forward. While we do not believe U.S. Growth is one of Vanguard's better offerings, the move should concern existing investors a lot less than the fund merger that swelled the management team ranks to five in February. (To read more about the merger, please see the [February 28, 2014 issue](#) of the *Adviser Fund Update*.)

### **Fidelity Momentum Manager Moves On**

On May 1, Fidelity replaced co-managers Andrew Dierdorf and Jurrien Timmer on its Global Strategies and Advisor Global Strategies funds with Christopher Sharpe and Ruben Calderon. This is the first management change for the fund in its nearly seven-year history, but we do not believe investors will notice much of a difference in how the portfolio is run under the new team.

Dierdorf will continue to manage Fidelity's Freedom and Income Replacement funds as well as a long list of target date and 529-plan-specific portfolios, while Timmer will be focusing on his leadership role within Fidelity's Global Asset Allocation division, which had over \$500 billion in assets under management at the end of 2013.

While it may be a stretch to call Timmer a star manager for Fidelity based on the performance of the conservatively run Global Strategies since its 2007 inception and its relatively small size (\$346 million at the end of April), he has been a high-profile presence for the fund company in the media and as a regularly featured speaker at Fidelity's various industry-focused events over the last several years. Although he is stepping aside from direct portfolio management responsibilities, as director of Global Macro for the Global Asset Allocation team, his research and analysis will continue to have a significant influence on how its funds and clients are allocated. He'll also likely remain a regular voice for Fidelity in print and on screen.

As for the new managers, Sharpe has been with Fidelity in an asset allocation role since 2002, and will continue to co-manage Four-in-One Index, Series Broad Market Opportunities and Stock Selector All Cap. Prior to joining the firm, he had investing roles with Mercer Human Resources Consulting from 1990 to 2000 and John Hancock Financial Services from 2000 to 2002. Calderon has worked for Fidelity since 1995, starting in an analyst role covering

emerging and developed international markets, and eventually began to focus on technical and quantitative research. He'll remain a co-manager of the Global Balanced fund, which he's helped run since 2005.

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