



ADVISER FUND UPDATE

Market Summary and Commentary for Individual Investors from Adviser Investments



August 14, 2015

Vanguard Manager Retires

Earlier this year, longtime portfolio manager Larry Keele announced his plans to retire from the \$1.9 billion Vanguard Convertible Securities fund after a nearly 19-year tenure. He hung up his hat June 30.

Keele co-founded Oaktree Capital Management, which has advised on the fund since 1996, and remains a member of Oaktree's board of directors.

To smoothly transition the fund, Stu Spangler, a seasoned analyst who joined Oaktree in 1997, was appointed co-manager on the U.S. segment of the fund's portfolio over the six months leading up to Keele's retirement. Spangler's primary experience is as a health-care analyst, the second-largest sector allocation in the fund. Given Spangler's long tenure under Keele, we don't expect any significant digressions from the fund's core investment approach.

Vanguard Convertible Securities aims for both growth and income, investing at least 80% in corporate bonds and preferred stocks that can be converted into common stocks, as well as debt instruments with common stock attached to them.

The fund's portfolio is split into two sleeves: Spangler manages the domestic side while co-managers Jean-Paul Nedelec and Abe Ofer oversee the international portion, which has been expanding since being added to the fund's mandate in 2010. As of June 2015, the fund allocated about 30% to international holdings, up from 16% in November 2011. By prospectus, up to 50% can be invested in foreign securities, but the team will likely stick closer to the current 70/30 split over time.

As a refresher, a convertible security is a hybrid security structured like a bond, in that it pays a periodic dividend. When first issued, convertibles are no different than traditional bonds (though with a slightly lower interest rate than comparable non-convertible bonds). But under certain

In This Issue

- Vanguard Manager Retires
- Another Delay for Vanguard Tax-Exempt Bond

circumstances, a convertible security can be exchanged, usually for a specified amount of common stock in the issuing company. Conditions are set on the time, price and number of shares received in the conversion. In this way, convertibles can benefit from a rise in price of the underlying stock.

Another Delay for Vanguard Tax-Exempt Bond

We've [repeatedly covered](#) Vanguard's reticence to launch its planned municipal bond index fund and ETF, which was originally scheduled to debut on April 17, and has since been delayed by a month four times. Most recently, the launch date was set for [August 7](#).

Yet again, the launch has been pushed back. Vanguard now says that the curtain will rise on the fund August 18. Perhaps the shorter, two-week delay is a positive sign that the firm is actually close to where it wants to be with the fund. We'll believe it when we see it.

About Adviser Investments

Adviser Investments and its subsidiaries operate as an independent, professional money management firm with particular expertise in Fidelity and Vanguard mutual funds. With 2,600 clients and over \$3 billion under management, Adviser Investments is one of the nation's largest mutual fund research and money management firms. Our investment professionals focus on helping individual investors, trusts, foundations and institutions meet their investment goals. Our minimum account size is \$350,000. In 2014, Adviser Investments was named to *Barron's* list of the top 100 independent financial advisers nationwide and its list of the top advisory firms in Massachusetts for the second time in 2015. We have also been recognized on the *Financial Times* 300 Top Registered Investment Advisers list in 2014 and 2015.

For more information, please visit www.adviserinvestments.com or call 800-492-6868.

Disclaimer: This material is distributed for informational purposes only. The investment ideas and expressions of opinion may contain certain forward-looking statements and should not be viewed as recommendations, personal investment advice or considered an offer to buy or sell specific securities. Data and statistics contained in this report are obtained from what we believe to be reliable sources; however, their accuracy, completeness or reliability cannot be guaranteed.

Our statements and opinions are subject to change without notice and should be considered only as part of a diversified portfolio. You may request a free copy of the firm's Form ADV Part 2, which describes, among other items, risk factors, strategies, affiliations, services offered and fees charged.

Past performance is not an indication of future returns. The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. We do not provide legal or tax advice. Always consult an attorney or tax professional regarding

your specific legal or tax situation.

The *Barron's* rankings reflect the volume of assets overseen by the advisers and their teams, revenues generated for the firms and the quality of the advisers' practices, as determined by its editors.

Editors at the *Financial Times* bestowed "elite" status on 300 firms in the U.S., as determined by assets under management, asset growth, longevity, compliance record, industry certifications and online accessibility.

You are receiving emails from Adviser Investments because you have agreed to receive updates and information about Adviser Investments via email.

Please [click here](#) to manage your email subscriptions or unsubscribe from further email-based communications. For more information you can also see our [Privacy Policy](#).

Adviser Investments 85 Wells Avenue Newton, MA 02459 USA