



## ADVISER FUND UPDATE

Market Summary and Commentary for Individual Investors from Adviser Investments



September 11, 2015

### **Vanguard Fills Manager Hole**

Vanguard ended August by appointing replacements for index-fund manager Michael Eyre, who moved to the firm's London office.

Before we get to the list of changes, let's talk about the role of index fund portfolio managers. While these managers don't have the same potential for glory (or disaster) that active fund managers do, and their roles are slightly different, there is still a level of skill required. Index fund managers don't get to handpick stocks for their portfolios, but they do need to manage inflows and outflows of cash, and in some cases, be diligent at "sampling" larger benchmark indexes to replicate their returns without owning every component (none of the funds discussed in this piece fall into that category, however). At Vanguard, the focus is on closely tracking each fund's benchmark's performance while keeping costs low, and the team has historically done a very good job of it.

Now, on to the manager appointments, all effective as of August 2015.

Jeffrey Miller assumed management of Vanguard's FTSE All-World ex-U.S. Small-Cap Index Fund in August. Miller has been with the fund company since 1999, and has managed Energy Index and Financials Index since 2010.

Over at Global ex-U.S. Real Estate Index, Justin Hales and Michael Perre have taken over for Eyre. Hales is an 11-year Vanguard vet, while Perre has been with the firm since 1990. Perre manages a number of other funds, including Emerging Markets Stock Index, Tax-Managed Balanced and Total International Stock Index.

At Mega Cap Value Index and Mega Cap Growth Index, experienced Vanguard index-fund manager Gerard O'Reilly assumed management responsibility. He's been managing portfolios for Vanguard since 1994, and currently oversees a handful, including European Stock Index, Growth Index,

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Small Cap Growth Index, Total Stock Market Index and Value Index.

William Coleman and Michael A. Johnson succeed Eyre at Materials Index and Utilities Index. Coleman has been at Vanguard since 2006, and co-manages the Target Retirement funds. Johnson, a 16-year Vanguard veteran, also manages Consumer Discretionary Index and Consumer Staples Index.

Finally, Walter Nejman, who's been with Vanguard since 2005, replaced Eyre as manager of the three Russell 2000 Index funds.

We don't believe that any of these changes should be of concern to investors in the affected funds.

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