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Vanguard Parts Ways with International Manager

Earlier this month, Vanguard announced that it was firing Hansberger Global Investors as a sub-advisor on its International Value fund. Co-managers Lazard Asset Management, Edinburgh Partners and ARGA Investment Management divided up Hansberger's approximately 17% portion of the fund's assets.

At one time, Hansberger managed International Value alone, but saw its role reduced over the years as Vanguard added management teams from AllianceBernstein, Edinburgh Partners, Lazard and, most recently, ARGA to the fund. Times seem to be changing here, as AllianceBernstein got the boot in 2012, with newcomer ARGA picking up its 20% chunk of assets, and now after 12 years on the fund, Hansberger is gone too, taking International Value back to three management teams.

It has long been our opinion that adding multiple managers to a fund is often a formula for index-like performance; the practice dilutes each manager's best ideas as the portfolio swells. International Value has not been a compelling offering in some time, in part due to the manager bloat. Vanguard's moves here may be a step in the right direction, but it's too early to tell.

Fidelity Shuffles Select Managers

In what seems to be an annual tradition, Fidelity kicked off 2013 by making a number of manager moves on a handful of its sector-focused Select funds. All of the changes seem to be fairly routine, as Fidelity gives its up-and-coming manager pool a chance to try their hands managing assets in various market segments. However one tidbit to come out of the reporting was that Fidelity is reorganizing its media, internet and telecom team and funds to fall under the responsibility of its technology and consumer groups--a sign of the changing times and the manner in which the fund giant now classifies companies in these industries.

The manager changes include:

- **Select Industrial Equipment.** Boris Schepov has taken on sole management responsibility here--he previously co-managed with Steven Bullock, who is leaving the fund.

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Schepov has been with Fidelity since 2008, and prior experience includes a risk management position with Barclays Capital Hedge Funds Group and working as an auditor with Withum, Smith & Brown.

- **Select Telecommunications.** Mathew Drukker has succeeded Kristina Salen (who is leaving Fidelity) at this fund and its VIP clone. He will continue to manage Select Wireless and serve as an analyst covering the telecom industry. He started as an intern in 2007 and joined Fidelity full-time in 2008, initially covering the restaurant industry. He was previously an investment banker with Sander O'Neill.
- **Select Multimedia.** Also filling the void left by Salen, Nidhi Gupta has been named manager here. Gupta got her start in the investment management industry in 2002 with Goldman Sachs, and has since held positions with McKinsey & Company and Citadel Investment Group before joining Fidelity in 2007 as a global equity research analyst intern.
- **Select Computers.** Chris Lin is the new manager, replacing Matt Schuldt. Lin has been with Fidelity since 2003, initially covering biotechnology and health care stocks. He co-managed Select Electronics from 2009 to early 2013.
- **Select Electronics.** Lin's co-manager, Steve Barwikowski, has been named the sole manager here and at the fund's Advisor class clone. He's been with Fidelity since 1999, and began covering the large-cap semiconductor industry in 2009. At that point, he took on a number of co-manager roles, including at Select Electronics, the Value fund and Stock Selector Large Cap Value, along with alternate share classes of each.

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