



## ADVISER FUND UPDATE

Market Summary and Commentary for Individual Investors from Adviser Investments



May 8, 2015

### Vanguard Cuts Fund Expenses

At the end of April, Vanguard lowered expense ratios on 14 funds, a fairly regular occurrence at the fund giant, but one that's to the benefit of shareholders. A full list is below.

As a refresher, an expense ratio tells shareholders how much they are paying to support the firm's annual cost of operating a particular fund or ETF. The expense ratio is calculated by dividing annual operating expenses by the average dollar value of the fund's or ETF's assets under management.

Vanguard has long been a leader in low-cost mutual funds. That it continues to reduce fees is a positive for investors, who benefit from the firm's at-cost corporate structure, the massive economies of scale at work with \$3 trillion in assets under management, and Vanguard's determination to outcompete other fund companies on the fee front. While most of the changes in expense ratios are just a single basis point, or 0.01%, any additional amount shareholders can save and keep invested and compounding over time is a good thing.

### Expense Ratio Changes Effective April 2015

Fund	Share Class	Ticker Symbol	Former Expense Ratio	Current Expense Ratio
Balanced Index	Investor	VBINX	0.24%	0.23%
Extended Market Index	Investor	VEXMX	0.24%	0.23%
Growth Index	Investor	VIGRX	0.24%	0.23%
Large-Cap Index	Investor	VLACX	0.24%	0.23%
Managed Payout	Investor	VPGDX	0.34%*	0.42%*

### In This Issue

- Vanguard Cuts Fund Expenses
- Are Your Investments Cybersecure?

Market Neutral	Investor	VMNFX	1.60%	1.64%
Mid-Cap Growth Index	Investor	VMGIX	0.24%	0.23%
Mid-Cap Index	Investor	VIMSX	0.24%	0.23%
Mid-Cap Value Index	Investor	VMVIX	0.24%	0.23%
Small-Cap Growth Index	Investor	VISGX	0.24%	0.23%
Small-Cap Index	Investor	NAESX	0.24%	0.23%
Small-Cap Value Index	Investor	VISVX	0.24%	0.23%
Total Bond Market Index	Admiral	VBTLX	0.08%	0.07%
Total Bond Market Index	Institutional	VBTIX	0.07%	0.06%
Total Bond Market II Index	Investor	VTBIX	0.12%	0.10%
Total Bond Market	ETF	BND	0.08%	0.07%
Value Index	Investor	VIVAX	0.24%	0.23%

\*The acquired fund fees and expenses of the underlying funds (Managed Payout is a fund of funds).  
Source: Vanguard.

### **Are Your Investments Cybersecure?**

Cybersecurity is a top priority for Adviser Investments, and while we are constantly monitoring new trends to stay ahead of online criminals, cyberfraud is always evolving. Keeping your personal financial information safe from scammers and thieves is paramount for today's investors, especially as locations and devices with sensitive information multiply in all of our modern lives.

### **Email Protection**

There are a number of preventative measures to minimize the sensitive content in your email account. A first step to take is to avoid saving any email (sent messages as well) containing detailed financial information beyond the time it's needed. This is especially true for account numbers and any documents with your signature. Whenever possible, we suggest considering whether the convenience of email

outweighs the danger in storing personal and financial information in an email account.

You should be on the lookout for suspicious emails in your inbox as well. For example, if the message has a strange address in the "from" field, has spelling errors or odd text, tells you that you need to update your account information, or talks about an emergency which requires you to send money immediately, it should raise a red flag.

These "phishing" emails will usually have a hyperlink for you to click. If you are at all concerned by the contents of the email, you may want to hold off on clicking it until you can verify that it's safe; this is a very common means for your account and computer to be compromised. (There is software you can purchase or download for free that will scan your email for harmful content to help prevent this from happening to you.) Once the hacker is in, they can use social engineering to gather details about you to attempt fraud with your existing accounts or use your information for other nefarious purposes.

### **Precautions Your Adviser Should Take**

If you're working with an investment adviser or broker who has access to your accounts, you may want to ask them what they are doing to protect you. For example, what would they do if they got an email purportedly from you asking them to send \$10,000 to an address, account or recipient you'd never requested before? Hopefully this is something they've considered and have implemented policies to deal with suspected fraud or identity theft.

A warning bell should sound if your adviser or broker is sending you emails that include account numbers or other personally identifying information like a Social Security Number or birthdate that could be used to gain access to your accounts. Neither Adviser Investments nor any of the custodians we work with (Fidelity, Charles Schwab, E\*Trade or Vanguard) ever includes this kind of information in an email. And no responsible adviser or broker will ever ask you to send them this kind of information through email either.

### **Safeguarding Financial Accounts**

There are a number of steps we urge clients to take when it comes to monitoring suspicious activity on their accounts. We suggest reviewing all credit card and financial statements as soon as they arrive or become available online. If you uncover something that raises concern, immediately contact the financial institution where the account is held, preferably by phone. It's a good idea to never send account or personally identifiable information over email, chat or any other unsecure channel.

We also recommend that you try to avoid developing any

online patterns of money movement, such as regular wire transfers that cybercriminals could replicate to make transfer patterns appear legitimate.

### **Social Media Safety**

Personal information about you and your loved ones provides powerful ammunition for scammers to catch you off guard and earn your trust. There's no complete protection short of never going online (and in this digital age, that's not a realistic expectation for most people), but there are some steps you can take to minimize risks.

One critical precaution: Never post your Social Security number (even the last four digits). And consider keeping your birthdate, home address and home phone number confidential. We also encourage clients to refrain from posting announcements about impending vacations, births, children's birthdays or the loss of a loved one.

While we acknowledge that some of the above are important life events that people naturally want to share with those they care about, publicly providing too much information can leave you susceptible to fraudsters and allow them to quickly pass a variety of tests related to the authentication of your identity and financial accounts. Never underestimate the public sources that individuals will use to learn critical facts about you.

### **Common Frauds to Avoid**

Telephone scammers are increasingly targeting senior citizens—who as a group make twice as many purchases over the phone than the national average—with financially and emotionally manipulative tactics. These may seem obvious to many of us, but it's worth making sure your friends and loved ones are educated on these kinds of scams. Some common financial ruses include:

- **The Pigeon Drop:** The right to large sum of money is promised in exchange for a "good faith" payment withdrawn from an individual's bank account. Con artists will often employ an accomplice posing as a lawyer, banker or other seemingly trustworthy third party.
- **The Fake Accident:** The con artist asks for a wire transfer or check to pay for a relative's urgent medical care. This can be particularly convincing if the scammer has done his homework and researched the names of family members via social media. A similar scam involves calling to say a family member has been arrested and needs money for bail.
- **Charity Scams:** Where money is solicited for bogus

charities. These are especially prevalent after natural disasters.

It's common to feel embarrassed or afraid after being targeted for one of these ploys, but doing nothing can only make it worse. To find a local Adult Protective Services contact to assist with law enforcement, a government-sponsored national resource line is available at (800) 677-1116.

### **Be Safe Out There**

At Adviser Investments, we have robust security measures in place to prevent any unauthorized access to our clients' accounts. We've worked closely with our account custodians to set up procedures for the wiring and transferring of money, which greatly limits the potential for fraud. We also follow up any suspicious communications, confirm any unusual requests and always adhere to the instructions clients have given us for handling their accounts. Our team knows what to look out for, and on several occasions we have been able to inform a client that their email account was compromised and prevented fraudulent activity. In serious cases, we can also put temporary holds on accounts as a further layer of protection.

The ramifications of having your investment or bank accounts hacked are frightening (and we're sorry if we've alarmed you by writing about it), but it is important to protect yourself and to make sure that the people you've hired to manage your money are doing their utmost as well. We believe that part of the investing peace of mind we provide our clients comes not only from how we manage and grow their money, but also from how we safeguard their accounts and personal information from anyone who should not have it.

Please feel free to give us a call at (800) 492-6868 if you'd like to learn more about Adviser Investments' services and safeguards. Fidelity also has a section of its website dedicated to account security with some [useful information](#) if you'd like to read more on the subject.

### **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 more than \$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 are also recognized on the *Financial Times* 300 Top Registered Investment Advisers list.

For more information, please visit [www.adviserinvestments.com](http://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