Changes in the Most Popular Mutual Funds

February 10, 2009

Each quarter we look at changes in Most Popular Mutual Funds in the Advisor Perspectives (AP) universe. This installment looks at changes from September 30, 2008 to December 31, 2008. Previous installments of this analysis were in October 2008, July 2008, April 2008, January 2008, November 2007, August 2007, and May 2007.

Our goal is to identify significant changes in sentiment – either positive or negative – among RIAs whose clients are HNW and especially UHNW investors. Our methodology is explained below. Below we provide complete tables of the 20 funds with the largest current AUM in the full AP Universe, as well as in each of the three tiers based on account size (Largest Accounts, Mid-Sized Accounts, and Smallest Accounts).

As background, here are the changes across the AP Universe over the current measurement period:

Segment	% Change in AUM	Change in # of Accounts	% Change in Accounts
Full AP Universe	-3.5%	-1,485	-2.7%
Largest Accounts	-3.3%	-870	-6.8%
Mid-Size Accounts	-8.2%	875	5.4%
Smallest Accounts	1.9%	1,541	6.1%

During the fourth quarter, US markets declined by 21.87% (based on SPY) and developed non-US markets declined by 19.75% (based on EFA). Changes in AUM of the AP Universe are due to changes in the number of accounts and advisors in the universe, as well as any increases or decreases of the value of the assets already in the universe.

Below are some of the significant changes in the AP Universe:

Funds Exhibiting Significant Gains

VFIIX (VANGUARD GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND)

- The fund moved from 14th across 9th the AP universe, with AUM increasing 18.9%. Three new advisory firms and 41 new accounts were added for this fund.
- Virtually all growth occurred within the largest accounts, where AUM increased by 18.8% with the addition of 12 new accounts and 2 new advisory firms.
- This fund was also one of the funds exhibiting significant gains in the prior quarter.

XLU (UTILITIES SELECT SPDRS)

- The fund moved from 16th to 10th across the AP Universe, and from 16th to 10th among the largest accounts. One new advisory firm and 199 new accounts added this fund. AUM increased by 0.7% across the AP universe.
- Virtually all growth occurred among the largest accounts, where 129 new accounts and one new advisor was added.

VTI (VANGUARD TOTAL ETF)

- The fund moved from 29th to 12th across the AP Universe. AUM increased by 16.7% across the AP Universe, with 11 new accounts and 10 new advisory firms.
- The fund moved from 25th to 12th among the largest accounts, adding 5 new accounts and ten new advisory firms.
- Most of the growth was attributable to a small number of large accounts.

Funds Exhibiting Significant Losses

DODGX (DODGE AND COX STOCK FUND)

- The fund moved from 10th to 18th across the AP Universe. AUM decreased by 25.4%, with 367 fewer accounts using the fund. Four new advisors added the fund.

- Among the largest accounts, the fund moved from 13th to 19th, losing 26.4% in AUM, 106 accounts, and 8 advisory firms.
- The loss was due to a significant number of large accounts no longer holding the fund.

EEM (ISHARES TRUST MSCI EMIF)

- The fund moved from 13th to 20th across the AP Universe. AUM decreased by 22.1%, with 94 fewer accounts and three fewer advisors using the fund.
- Among the largest accounts, the fund moved from 12th to 17th, losing 22.3% in AUM, 106 accounts, and five advisory firms.
- The loss was due to a significant number of large accounts no longer holding the fund.

GATEX (GATEWAY FUND)

- The fund moved from 19th to 116th across the AP Universe. AUM decreased by 84.3%, with 1,131 fewer accounts using the fund. There was no net change in the number of advisors using the fund.
- Among the largest accounts, the fund moved from 23rd to 115th, losing 84.6% in AUM, 558 accounts, and two advisory firms.
- The loss was due to a significant number of accounts concentrated among a small number of advisors.

Methodology

We rank funds by the assets under management (AUM) within our universe. A fund's ranking can improve or decline only if its AUM changes relative to other funds. Such changes can be due to any of the following:

- Existing advisors shifting money into/out of existing accounts
- Existing advisors putting money into of new accounts, or closing existing accounts
- New advisors putting money into new accounts
- Gains or losses in AUM due to fund performance
- Funds moving from the mid-sized account tier to the largest account tier, and vice versa

In some cases, funds moved down in ranking, but their AUM increased and the number of advisors utilizing the funds remained constant, as did the number of accounts holding the funds. We do not consider this a significant change in sentiment regarding the fund, which is our guiding criterion in this analysis. We look for situations where one or -more often- more of the following occurred:

- Change in fund ranking
- Change in AUM beyond what would be expected due to fund performance
- Increase or decrease in the number of advisors using the fund
- Increase or decrease in the number of accounts holding the fund

We also eliminate situations where changes in fund usage were due to movements between account tiers. Some subjective judgment comes into play. We do not have a single objective metric or standard that allows us to measure changes in the universe. But we believe that the examples we show above exhibit evidence of changes in advisor/investor sentiment. We are providing the criteria we used to select these funds, so you can be the final judge as to whether the change in advisor/investor sentiment is significant.

Finally, we consolidate holdings across share classes for a given fund. The ticker symbol displayed is the first symbol, alphabetically, among the various share classes. It may not be representative of the share class or classes held in the AP universe.

All Accounts

		Rank as of								Change from 9/30/08 to 12/31/08			
Ticker	**Fund**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**12/31/08**	**Rank**	**AUM**	**Advisors**	**Accts**
SPY	S&P DEP RECEIPTS	4	5	6	2	1	1	1	1	0	-8.9%	246	15
PTRAX	PIMCO TOTAL RETURN FUND	7	6	2	3	4	3	2	2	0	-18.6%	-788	17
EFA	ISHARES TRUST MSCI EAFE FUND	1	1	1	1	2	2	3	3	0	0.5%	-338	9

PYCBX	PAYDEN CORE BOND FUND							6	4	-2	5.9%	0	0
IJR	ISHARES SPONSORED SMALL CAP 600 INDEX	138	146	142	250	273	280	5	5	0	-18.7%	162	-5
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	5	4	3	7	5	6	8	6	-2	-16.9%	-24	14
AGRBX	GROWTH OF AMERICA FUND	9	8	8	8	7	5	7	7	0	-25.6%	-171	19
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	3	3	4	4	3	4	4	8	4	-41.6%	62	2
VFIIX	VANGUARD GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND	161	182	215	240	232	199	14	9	-5	18.9%	41	3
XLU	UTILITIES SELECT SPDRS	311	349	365	547	677	682	16	10	-6	0.7%	199	1
VMLTX	VANGUARD LIMITED TERM TAX EXEMPT FUND	26	35	27	22	19	15	12	11	-1	-11.2%	2	6
VTI	VANGUARD TOTAL ETF	120	102	36	26	23	22	29	12	-17	16.7%	11	10
VINIX	VANGUARD INSTITUTIONAL INDEX FUND	98	97	49	47	34	12	11	13	2	-19.7%	8	4
MKIEX	MCKEE INTERNATIONAL EQUITY FUND							21	14	-7	-0.8%	14	0
KRE	KBW REGIONAL BANKING						21	26	15	-11	6.1%	207	7
VFIAX	VANGUARD 500 INDEX FUND	10	10	12	11	10	13	9	16	7	-30.0%	-168	17

ACEIX	VANKAMPEN EQUITY INCOME FUND						19	17	17	0	-13.5%	-17	-3
DODGX	DODGE AND COX STOCK FUND	12	14	16	14	8	8	10	18	8	-25.4%	-367	4
VAIPX	VANGUARD INFLATION PROTECTED SECURITIES FUND	91	268	51	48	24	25	23	19	-4	-7.6%	-114	8
EEM	ISHARES TRUST MSCI EMIF	17	16	10	6	6	7	13	20	7	-22.1%	-94	-3

Largest Accounts

		Rank as of								Change from 9/30/08 to 12/31/08			
Ticker	**Fund**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**12/31/08**	**Rank**	**AUM**	**Advisors**	**Accts**
SPY	S&P DEP RECEIPTS	4	4	5	2	1	1	1	1	0	-9.2%	135	11
EFA	ISHARES TRUST MSCI EAFE FUND	1	1	1	1	2	2	3	2	-1	-0.1%	-316	3
PTRAX	PIMCO TOTAL RETURN FUND	8	6	3	4	4	3	2	3	1	-19.4%	-558	11
PYCBX	PAYDEN CORE BOND FUND							6	4	-2	5.9%	0	0
IJR	ISHARES SPONSORED SMALL CAP 600 INDEX	127	128	124	231	256	268	5	5	0	-19.1%	104	-6
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	3	3	2	3	3	4	4	6	2	-43.1%	-216	-16
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	5	5	6	7	5	5	7	7	0	-19.2%	-147	-3
VFIIX	VANGUARD	152	172	212	224	230	193	14	8	-6	18.8%	12	2

	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND												
AGRBX	GROWTH OF AMERICA FUND	17	17	15	12	10	6	8	9	1	-28.8 %	-146	1
XLU	UTILITIES SELECT SPDRS	298	333	353	514	626	642	16	10	-6	-0.1%	129	1
VMLTX	VANGUARD LIMITED TERM TAX EXEMPT FUND	22	29	27	19	17	12	11	11	0	-11.3 %	2	5
VTI	VANGUARD TOTAL ETF	104	89	31	23	20	18	25	12	-13	16.9%	5	9
MKIEX	MCKEE INTERNATIONAL EQUITY FUND							20	13	-7	-0.8%	14	0
KRE	KBW REGIONAL BANKING						942	21	14	-7	5.7%	140	7
ACEIX	VANKAMPEN EQUITY INCOME FUND						16	17	15	-2	-13.6 %	#N/A	#N/A
VINIX	VANGUARD INSTITUTIONAL INDEX FUND	89	93	44	46	32	11	10	16	6	-22.0 %	-21	-4
EEM	ISHARES TRUST MSCI EMIF	14	12	8	6	6	7	12	17	5	-22.3 %	-106	-5
GLD	STREETTRACKS GOLD TRUST	15	14	11	8	9	8	31	18	-13	25.6%	-18	4
DODGX	DODGE AND COX STOCK FUND	12	13	14	11	7	9	13	19	6	-26.4 %	-106	-8
VAIPX	VANGUARD INFLATION PROTECTED SECURITIES FUND	167	244	41	43	29	22	24	20	-4	-7.9%	-67	-1

Mid-Sized Accounts

		Rank as of								Change from 9/30/08 to 12/31/08			
Ticker	**Fund**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**12/31/08**	**Rank**	**AUM**	**Advisors**	**Accts**
FCNTX	FIDELITY CONTRAFUND FUND	3	1	1	1	1	1	2	1	-1	3.8%	-80	5
PTRAX	PIMCO TOTAL RETURN FUND	7	7	8	5	4	4	1	2	1	-14.2 %	-249	8
FLPKX	FIDELITY LOW PRICED STOCK FUND	44	29	30	27	27	12	4	3	-1	7.0%	7	3
FDGRX	FIDELITY GROWTH COMPANY FUND	20	13	4	3	5	5	5	4	-1	8.3%	-8	2
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	2	3	3	2	2	2	6	5	-1	-4.5%	-84	14
AGRBX	GROWTH OF AMERICA FUND	1	2	2	4	3	3	3	6	3	-19.4 %	-209	10
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	8	8	6	9	8	8	9	7	-2	-3.0%	-32	9
VFIAX	VANGUARD 500 INDEX FUND	19	17	16	12	12	11	12	8	-4	6.3%	-36	12
FDVLX	FIDELITY VALUE FUND	13	4	11	62	63	64	7	9	2	-48.5 %	26	-1
CWGBX	CAPITAL WORLD GROWTH AND INCOME FUND	6	6	5	6	6	6	8	10	2	-41.9 %	-539	-4
PACLX	TROWEPRICE CAPITAL APPRECIATION FUND	10	9	9	10	9	10	13	11	-2	-28.0 %	-164	-3
VBMFX	VANGUARD TOTAL BOND MARKETS	72	70	71	54	49	43	33	12	-21	47.1%	36	13

	INDEX FUND												
DODGX	DODGE AND COX STOCK FUND	17	14	12	11	11	14	16	13	-3	-17.7 %	-116	6
FMCSX	FIDELITY MID CAP STOCK FUND	5	5	7	8	7	7	15	14	-1	-29.0 %	-113	-2
NECZX	LOOMIS SAYLES STRATEGIC INCOME FUND	102	99	67	36	23	21	19	15	-4	-5.4%	-86	3
VIIIX	VANGUARD INSTITUTIONAL INDEX INSTITUTIONALPLUS FUND						35	17	16	-1	-16.1 %	23	3
DODIX	DODGE AND COX INCOME FUND	42	31	23	14	14	17	20	17	-3	-7.1%	-122	-4
FUSEX	FIDELITY UNITED STATES EQUITY INDEX FUND						28	29	18	-11	5.1%	13	14
AWSHX	WASHINGTON MUTUAL FUND	14	12	14	19	19	22	22	19	-3	-12.5 %	-41	6
VINIX	VANGUARD INSTITUTIONAL INDEX FUND						60	38	20	-18	18.3%	12	3

Smallest Accounts

		Rank as of								Change from 9/30/08 to 12/31/08			
Ticker	Fund	5/22/07	8/14/07	11/4/07	1/31/07	4/25/08	6/30/08	9/30/08	12/31/08	Rank	AUM	Advisors	Accts
AGRBX	GROWTH OF AMERICA FUND	1	1	1	1	1	1	1	1	0	-6.8%	184	16
CWGBX	CAPITAL WORLD GROWTH AND INCOME FUND	2	2	2	2	2	2	2	2	0	-21.3%	-337	8
FCNTX	FIDELITY CONTRAFUND FUND	13	8	7	3	3	3	3	3	0	34.0%	126	8
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	7	6	6	7	6	5	6	4	-2	12.9%	155	12
PTRAX	PIMCO TOTAL RETURN FUND	24	22	16	16	16	14	5	5	0	4.7%	19	13
PACLX	TROWEPRICE CAPITAL APPRECIATION FUND	5	4	5	5	7	4	4	6	2	0.7%	120	1
AWSHX	WASHINGTON MUTUAL FUND	3	3	3	4	4	7	7	7	0	-6.0%	42	7
AICBX	INVESTMENT COMPANY OF AMERICA FUND	4	5	4	6	5	6	8	8	0	-7.6%	78	4
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	15	13	13	11	11	10	15	9	-6	33.4%	147	16
FLPKX	FIDELITY LOW PRICED STOCK FUND	94	86	96	94		47	23	10	-13	80.1%	135	8
NECZX	LOOMIS SAYLES STRATEGIC INCOME FUND	43	34	26	19	19	16	13	11	-2	18.7%	181	-1
DODIX	DODGE AND COX	16	14	15	13	13	13	12	12	0	9.8%	7	5

	INCOME FUND												
CAIBX	CAPITAL INCOME BUILDER FUND	10	11	11	10	9	8	9	13	4	-12.5%	56	3
SLADX	SELECTED AMERICAN SHARES FUND	9	10	10	8	8	9	10	14	4	-9.5%	99	0
FDGRX	FIDELITY GROWTH COMPANY FUND	70	58	32	22	23	21	25	15	-10	68.2%	128	6
AMECX	AMERICAN INCOME OF AMERICA FUND	12	12	12	12	12	12	14	16	2	-0.5%	47	7
ANWPX	NEW PERSPECTIVE FUND	8	9	9	9	10	11	11	17	6	-10.6%	28	3
ABNDX	BOND OF AMERICA FUND	18	17	17	15	18	17	17	18	1	6.3%	24	7
AFIBX	AMERICAN FUNDAMENTAL FUND	17	16	14	14	15	15	16	19	3	-4.7%	82	4
ABALX	BALANCED FUND	6	7	8	18	17	19	18	20	2	-62.9%	37	3