ADVISOR PERSPECTIVES

Changes in the Most Popular Mutual Funds

October 21, 2008

Each quarter we look at changes in Most Popular Mutual Funds in the Advisor Perspectives (AP) universe. This installment looks at changes from June 30, 2008 to September 30, 2008. Previous installments of this analysis were in 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 where we provide complete tables of the 25 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	8.8%	1,326	2.5%
Largest Accounts	9.2%	77	0.6%
Mid-Size Accounts	2.0%	441	2.8%
Smallest Accounts	2.8%	808	3.3%

During the third quarter, US markets declined by 8.87% (based on SPY) and developed non-US markets declined by 20.51% (based on EFA). Thus, the growth in the AP Universe is due to an increase of accounts and advisors in the universe, which more than offset the decline in value of the assets already in the universe.

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

Funds Exhibiting Significant Gains

PTRAX (PIMCO TOTAL RETURN FUND)

- The fund moved up in overall ranking from 3rd to 2nd as AUM expanded by 16.0% for the full AP universe. The number of accounts grew by 702 across the AP universe, and fund is used by 11 new advisory firms. This fund's performance was -2.13% in the quarter, so the growth was clearly the result of adoption by advisory firms.
- This growth occurred across all account sizes, and was most pronounced in the largest accounts, where AUM grew by 13.7% and 262 new accounts were added.
- This fund was also one of the significant gainers in our two last measurement periods.

IJR (ISHARES SPONSORED SMALL CAP 600 INDEX)

- Fund moved from 280th to 5th in ranking across the AP universe, and from 268th to 5th among the largest accounts.
- AUM grew by 2,780% across the AP universe, with 25 new accounts and 4 new advisory firms.
- Most of this growth was in the largest accounts, were AUM grew by over 3,000% and 19 new accounts were added. Growth was from the addition of a small number of very large accounts.

VFIIX (VANGUARD GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND)

- The fund moved from 199th to 14th across the AP universe, with AUM increasing nearly eight-fold (up 786.5%). Five new advisory firms and 14 new accounts were added for this fund.
- Virtually all growth occurred within the largest accounts, where AUM increased by 862.8% with the addition of 12 new accounts and 4 new advisory firms.

PYCBX (PAYDEN CORE BOND FUND)
WIIEX (WILLIAM BLAIR INSTITUTIONAL INTERNATIONAL EQUITY FUND)
MKIEX (MCKEE INTERNATIONAL EQUITY FUND)

- The above three funds now appear in the top 25 funds across the AP universe, with ranks of 6, 20, and 21 respectively. Previously, they were not ranked among the over 3,000 funds in our universe.
- This growth is due to the adoption of these funds by advisors in the largest accounts.

Funds Exhibiting Significant Losses

GLD (STREETTRACKS GOLD TRUST)

- Fund dropped from 9th to 37th overall in the AP universe.
- AUM dropped by 47.1% across the AP universe, but is held in 54 more accounts and by 4 more advisory firms.
- The fund returned -5.02% in the third quarter. Advisors have significantly reduced allocations to gold. Since the number of accounts increased, advisors are maintaining some allocation in almost all accounts.

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 6/30/08 to 9/30/08			
Ticker	**Fund**	**AUM 9/30**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**Rank**	**AUM**	**Advisors**	**Accts**
SPY	S&P DEP RECEIPTS	$394,997,243	4	5	6	2	1	1	1	0	-4.94%	7	-19
PTRAX	PIMCO TOTAL RETURN FUND	$309,700,398	7	6	2	3	4	3	2	-1	15.96%	11	702
EFA	ISHARES TRUST MSCI EAFE FUND	$232,016,330	1	1	1	1	2	2	3	1	-19.67%	3	-22
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	$189,710,453	3	3	4	4	3	4	4	0	-13.32%	10	64
IJR	ISHARES SPONSORED SMALL CAP 600 INDEX	$179,003,452	138	146	142	250	273	280	5	-275	2780.08%	4	25
PYCBX	PAYDEN CORE BOND FUND	$171,382,868							6	6			
AGRBX	GROWTH OF AMERICA FUND	$155,449,029	9	8	8	8	7	5	7	2	-9.88%	14	40
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	$145,694,929	5	4	3	7	5	6	8	2	-11.74%	9	79
VFIAX	VANGUARD 500 INDEX FUND	$100,009,858	10	10	12	11	10	13	9	-4	14.32%	8	252
DODGX	DODGE AND COX STOCK FUND	$90,245,765	12	14	16	14	8	8	10	2	-9.53%	14	-7
VINIX	VANGUARD INSTITUTIONAL INDEX FUND	$89,547,757	98	97	49	47	34	12	11	-1	1.97%	9	61
VMLTX	VANGUARD LIMITED TERM	$85,569,549	26	35	27	22	19	15	12	-3	0.68%	3	7

	TAX EXEMPT FUND												
EEM	ISHARES TRUST MSCI EMIF	$82,032,425	17	16	10	6	6	7	13	6	-33.96%	3	9
VFIIX	VANGUARD GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND	$79,057,453	161	182	215	240	232	199	14	-185	786.51%	5	14
DFEOX	DFA UNITED STATES CORE EQUITY 1 FUND	$78,627,572	69	70	23	21	18	17	15	-2	-1.06%	1	7
XLU	UTILITIES SELECT SPDRS	$78,226,509	311	349	365	547	677	682	16	-666	5382.64%	-1	9
ACEIX	VANKAMPEN EQUITY INCOME FUND	$77,893,477						19	17	-2	9.82%	1	0
JETAX	JULIUS BAER INTERNATIONAL EQUITY II FUND	$75,693,524	20	19	19	18	14	11	18	7	-15.04%	2	19
GATEX	GATEWAY FUND	$74,466,626	32	20	20	19	319	136	19	-117	447.66%	1	1138
WIIEX	WILLIAM BLAIR INSTITUTIONAL INTERNATIONAL EQUITY FUND	$73,179,078							20	20			
MKIEX	MCKEE INTERNATIONAL EQUITY FUND	$70,953,824							21	21			
FCNTX	FIDELITY CONTRAFUND FUND	$70,483,152	24	12	11	9	12	14	22	8	-19.42%	9	42
VAIPX	VANGUARD INFLATION	$69,606,747	91	268	51	48	24	25	23	-2	11.65%	7	31

	PROTECTED SECURITIES FUND												
OAKBX	OAKMARK EQUITY AND INCOME FUND	$67,767,316						21	24	3	3.86%	-1	85
ARTIX	ARTISAN INTERNATIONAL FUND	$66,913,163	31	29	22	23	11	16	25	9	-19.33%	-2	0

Largest Accounts

			Rank as of							Change from 6/30/08 to 9/30/08			
Ticker	**Fund**	**AUM 9/30**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**Rank**	**AUM**	**Advisors**	**Accts**
SPY	S&P DEP RECEIPTS	$392,169,361	4	4	5	2	1	1	1	0	-5.01%	6	-8
PTRAX	PIMCO TOTAL RETURN FUND	$272,089,200	8	6	3	4	4	3	2	-1	13.69%	12	262
EFA	ISHARES TRUST MSCI EAFE FUND	$229,112,395	1	1	1	1	2	2	3	1	-19.64%	2	-12
DODFX	DODGE AND COX INTERNATIONAL STOCK FUND	$184,635,166	3	3	2	3	3	4	4	0	-13.74%	7	-3
IJR	ISHARES SPONSORED SMALL CAP 600 INDEX	$178,452,417	127	128	124	231	256	268	5	-263	3001.02%	5	19
PYCBX	PAYDEN CORE BOND FUND	$171,382,868							6	6			
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	$128,282,764	5	5	6	7	5	5	7	2	-12.60%	5	-4
AGRBX	GROWTH OF AMERICA FUND	$117,934,714	17	17	15	12	10	6	8	2	-10.56%	12	-7
VFIAX	VANGUARD 500 INDEX FUND	$87,961,352	9	9	9	10	12	15	9	-6	14.95%	4	54
VINIX	VANGUARD INSTITUTIONAL INDEX FUND	$84,793,432	89	93	44	46	32	11	10	-1	0.41%	4	16
VMLTX	VANGUARD LIMITED TERM TAX EXEMPT FUND	$83,065,243	22	29	27	19	17	12	11	-1	0.50%	1	2
EEM	ISHARES TRUST MSCI EMIF	$80,867,473	14	12	8	6	6	7	12	5	-34.23%	1	-18
DODGX	DODGE AND COX	$80,023,803	12	13	14	11	7	9	13	4	-9.89%	6	-3

	STOCK FUND												
VFIIX	VANGUARD GOVERNMENT NATIONAL MORTGAGE ASSOCIATION FUND	$78,177,104	152	172	212	224	230	193	14	-179	862.84%	4	12
DFEOX	DFA UNITED STATES CORE EQUITY 1 FUND	$78,157,842	56	58	21	17	14	14	15	1	-1.09%	1	6
XLU	UTILITIES SELECT SPDRS	$78,099,013	298	333	353	514	626	642	16	-626	6103.28 %	-2	14
ACEIX	VANKAMPEN EQUITY INCOME FUND	$76,956,709						16	17	1	9.64%	#N/A	#N/A
JETAX	JULIUS BAER INTERNATIONAL EQUITY II FUND	$74,129,999	19	16	17	16	11	10	18	8	-15.15%	1	13
WIIEX	WILLIAM BLAIR INSTITUTIONAL INTERNATIONAL EQUITY FUND	$73,179,078							19	19			
MKIEX	MCKEE INTERNATIONAL EQUITY FUND	$70,902,791							20	20			
KRE	KBW REGIONAL BANKING	$65,951,767						942	21	-921	11513.54 %	2	19
ARTIX	ARTISAN INTERNATIONAL FUND	$65,567,526	24	26	19	22	8	13	22	9	-19.58%	-1	-6
GATEX	GATEWAY FUND	$63,647,555	28	19	20	18	339	134	23	-111	438.42%	3	549
VAIPX	VANGUARD INFLATION PROTECTED SECURITIES FUND	$63,331,922	167	244	41	43	29	22	24	2	13.18%	5	24

VTI	VANGUARD TOTAL ETF	$61,043,913	104	89	31	23	20	18	25	7	-5.02%	-2	4

Mid-Sized Accounts

			Rank as of							Change from 6/30/08 to 9/30/08			
Ticker	**Fund**	**AUM 9/30**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**Rank**	**AUM**	**Advisors**	**Accts**
PTRAX	PIMCO TOTAL RETURN FUND	$34,024,656	7	7	8	5	4	4	1	0	34.3%	14	292
FCNTX	FIDELITY CONTRAFUND FUND	$31,348,062	3	1	1	1	1	1	2	0	-19.2%	3	21
AGRBX	GROWTH OF AMERICA FUND	$25,448,001	1	2	2	4	3	3	3	0	-8.1%	7	-1
FLPKX	FIDELITY LOW PRICED STOCK FUND	$24,727,444	44	29	30	27	27	12	4	0	167.3%	3	165
FDGRX	FIDELITY GROWTH COMPANY FUND	$23,034,206	20	13	4	3	5	5	5	0	-4.4%	3	150
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	$22,066,238	2	3	3	2	2	2	6	0	-25.3%	10	31
FDVLX	FIDELITY VALUE FUND	$18,615,152	13	4	11	62	63	64	7	0	636.1%	-1	520
CWGBX	CAPITAL WORLD GROWTH AND INCOME FUND	$14,126,182	6	6	5	6	6	6	8	0	-12.0%	0	-11
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	$13,829,599	8	8	6	9	8	8	9	0	-5.3%	12	26
OAKBX	OAKMARK EQUITY AND INCOME FUND	$10,804,349	73	63	62	55	26	13	10	0	17.7%	-1	45
NBGIX	NEUBERGER	$10,753,484	94	94	44	45	13	15	11	0	4775.9	7	20

	BERMAN GENESIS FUND										%		
VFIAX	VANGUARD 500 INDEX FUND	$10,418,852	19	17	16	12	12	11	12	0	8.3%	9	104
PACLX	TROWEPRICE CAPITAL APPRECIATION FUND	$10,290,633	10	9	9	10	9	10	13	0	-0.5%	2	14
GATEX	GATEWAY FUND	$9,280,604	49	26	26	17	146	108	14	0	537.1%	2	394
FMCSX	FIDELITY MID CAP STOCK FUND	$9,119,187	5	5	7	8	7	7	15	0	-38.8%	0	11
DODGX	DODGE AND COX STOCK FUND	$8,422,651	17	14	12	11	11	14	16	0	-6.8%	9	-16
VIIIX	VANGUARD INSTITUTIONAL INDEX INSTITUTIONALPLUS FUND	$7,374,844						35	17	0	48.8%	-2	-52
MACSX	MATTHEWS ASIAN GROWTH AND INCOME FUND	$6,988,709	21	18	17	15	16	16	18	0	-9.0%	-1	2
NECZX	LOOMIS SAYLES STRATEGIC INCOME FUND	$6,825,434	102	99	67	36	23	21	19	0	3.8%	0	61
DODIX	DODGE AND COX INCOME FUND	$6,627,116	42	31	23	14	14	17	20	0	-12.7%	5	-87
SLADX	SELECTED AMERICAN SHARES FUND	$6,286,783	18	15	13	13	15	20	21	0	-4.8%	-1	7
AWSHX	WASHINGTON MUTUAL FUND	$6,270,433	14	12	14	19	19	22	22	0	0.9%	3	-13
FAIRX	FAIRHOLME FUND	$6,066,158	#N/A	210	#N/A	90	47	30	23	0	8.7%	1	11
CAIBX	CAPITAL INCOME BUILDER FUND	$6,048,854	31	23	22	16	17	18	24	0	-12.0%	2	3
PARRX	PIMCO REAL RETURN	$6,002,375	38	39	29	34	24	26	25	0	3.1%	8	37

	FUND												

Smallest Accounts

			Rank as of							Change from 6/30/08 to 9/30/08			
Ticker	**Fund**	**AUM 9/30**	**5/22/07**	**8/14/07**	**11/4/07**	**1/31/07**	**4/25/08**	**6/30/08**	**9/30/08**	**Rank**	**AUM**	**Advisors**	**Accts**
AGRBX	GROWTH OF AMERICA FUND	$12,066,314	1	1	1	1	1	1	1	0	-6.9%	4	48
CWGBX	CAPITAL WORLD GROWTH AND INCOME FUND	$6,817,939	2	2	2	2	2	2	2	0	-8.6%	3	31
FCNTX	FIDELITY CONTRAFUND FUND	$3,729,966	13	8	7	3	3	3	3	0	-11.1%	6	50
PACLX	TROWEPRICE CAPITAL APPRECIATION FUND	$3,657,990	5	4	5	5	7	4	4	0	-1.3%	-1	27
PTRAX	PIMCO TOTAL RETURN FUND	$3,586,542	24	22	16	16	16	14	5	-9	48.2%	16	148
AEGBX	AMERICAN EUROPACIFIC GROWTH FUND	$3,582,567	7	6	6	7	6	5	6	1	-3.1%	4	57
AWSHX	WASHINGTON MUTUAL FUND	$3,514,048	3	3	3	4	4	7	7	0	1.0%	-1	-14
AICBX	INVESTMENT COMPANY OF AMERICA FUND	$3,501,956	4	5	4	6	5	6	8	2	-1.1%	3	25
CAIBX	CAPITAL INCOME BUILDER FUND	$3,051,495	10	11	11	10	9	8	9	1	-3.0%	1	9
SLADX	SELECTED	$2,903,470	9	10	10	8	8	9	10	1	-4.4%	0	3

	AMERICAN SHARES FUND												
ANWPX	NEW PERSPECTIVE FUND	$2,509,177	8	9	9	9	10	11	11	0	-9.5%	1	4
DODIX	DODGE AND COX INCOME FUND	$2,441,886	16	14	15	13	13	13	12	-1	-1.0%	1	0
NECZX	LOOMIS SAYLES STRATEGIC INCOME FUND	$2,392,972	43	34	26	19	19	16	13	-3	8.6%	0	134
AMECX	AMERICAN INCOME OF AMERICA FUND	$2,312,473	12	12	12	12	12	12	14	2	-8.9%	-3	-4
FDIVX	FIDELITY DIVERSIFIED INTERNATIONAL FUND	$2,299,332	15	13	13	11	11	10	15	5	-20.8%	4	17
AFIBX	AMERICAN FUNDAMENTAL FUND	$2,108,522	17	16	14	14	15	15	16	1	-6.4%	2	21
ABNDX	BOND OF AMERICA FUND	$1,961,316	18	17	17	15	18	17	17	0	-2.3%	0	-15
ABALX	BALANCED FUND	$5,353,159	6	7	8	18	17	19	18	-1	216.5%	1	7
DODGX	DODGE AND COX STOCK FUND	$1,799,311	20	20	24	17	20	18	19	1	-5.5%	-1	12
JORNX	JANUS ORION FUND	$1,784,666	119	26	22	20	14	20	20	0	9.8%	0	139
VFIAX	VANGUARD 500 INDEX FUND	$1,629,655	27	31	30	26	22	24	21	-3	22.3%	2	94
OAKBX	OAKMARK EQUITY AND INCOME FUND	$1,617,249	56	50	49	47	29	23	22	-1	14.2%	0	37
FLPKX	FIDELITY LOW PRICED STOCK	$1,587,209	94	86	96	94		47	23	-24	148.0%	1	105

	FUND												
GATEX	GATEWAY FUND	$1,538,467		35	34	29		104	24	-80	381.6%	0	195
FDGRX	FIDELITY GROWTH COMPANY FUND	$1,440,438	70	58	32	22	23	21	25	4	-3.5%	2	85

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