February 28, 2008

RE: Comments on the “Portfolio Turnover” paragraph in your Summary Prospectus

I always find the comments on portfolio turnover to be negatively biased. I think this is primarily due to legacy issues of high brokerage expenses and trading spreads that were significantly greater in the past than they are today. Commissions and trading spreads are only pennies today; basically a non-event.

Why I think the paragraph is negatively biased is that there is a comment about cost but no comment that there is a benefit also associated with the trade. If there were no benefit in the eye of the portfolio manager, then the trade would not have been made.

There is an implication that high turnover is “bad” and low turnover is “good.” Perhaps low turnover is a sign that the portfolio is suffering from neglect or simply not being managed. Low turnover may mean that accumulated unrealized capital gains continue to increase. This is a serious negative for new money investors as they are buying a tax liability. Low turnover most likely means lost trading opportunities.

The out of pocket trading expense does not need to be highlighted because as a cost it is already accounted for in performance. Saying that turnover has a cost sounds like it would hurt performance numbers but it is already in the numbers. It would be redundant to highlight it again.

Turnover is an indication of portfolio management style. It is very similar to having several artists paint a picture of the same subject. Each painting would be different due to the artists style, but that does not mean that one is better than the other.

I ask you to consider removing the paragraph on Portfolio Turnover from the Summary Prospectus.

Respectfully,

Richard McCormick