Q3 | Wanger Investment Quarterly Letter

Dear Sir/Madam:

What Are We Thinking About This Quarter?

Eric Wanger Explains the Value of Active Management

Ralph Wanger Introduces His Alter-Ego: Steam Locomotive Engineer Charlie Hogan

Higher But No Hire...

This market still wants to go up. Copious federal stimulus combined with Wall Street's need to have a good year seem to be pushing stocks higher for no particularly good reason--certainly no reasons coming from the ranks of the unemployed and underemployed (hence the terrible pun). Someone recently used the term *fully invested bears* to describe many stock investors: They are terrified of coming down from the too-much-too-soon rally of 2009, yet they don't want to leave the party too early. Be careful! Once the year-end window dressing is over and bonuses are in the bag, anything could happen. If you don't want to take some money off the table, at least consider reducing your stock market beta (see my article for details), using yield for some downside protection, or doing some hedging. In fact, we're doing all three!

Banking on the Banks

In the 1960s, if you opened a bank account, they gave you a free toaster. In 2009, if you buy a toaster, they will give you a free bank! If you don't believe me, ask the Federal Deposit Insurance Corporation (FDIC), the federal agency which insures our checking accounts. They just announced a special assessment to make sure they wouldn't go under.

Banks serve as the primary interface between Main Street and Wall Street. If banks are willing to lend to businesses and consumers, the economy will recover. If not, growth and recovery will be choked off.

America is Not Over!

As a child of Japan Inc., *Rising Sun* era fear-mongering, I watched movie-star Sean Connery save the U.S. from the technologically superior and financially unstoppable Japanese economic machine. So you can imagine my surprise when I realized that Japan now has such a nightmarish load of public debt that it could stall them out for another decade. U.S. citizens are currently saving more money than Japanese citizens on a percentage basis. That feels as strange as when my Swedish friend informed me that my taxes were higher than his. Please think about this the next time you lose sleep over the "end" of America. Americans still work very hard and have a lot of resources and capital. America is simply not over.

What should fully-invested bears invest in?

We are fascinated by a number of interesting investment themes right now: Temporarily cheap energy (a natural gas glut, who would have believed it?); businesses that are downstream of "cheap rent" (the commercial real estate scene is going to be really ugly for a while); and, of course, companies producing the most valuable commodity of all —Yield!

Take a look at our numbers, they're really good! Email us at info@wangerfunds.com or visit us on the web at www.wangerfunds.com.

Yours,
Eric Wanger, JD, CFA

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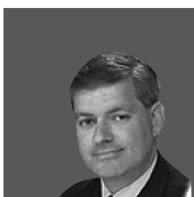
From The Desk of Eric Wanger:

Active vs. Passive Investing: How Skill Matters



Eric Wanger, JD, CFA

Why should you care about the difference between active and passive investing? Simple: Active investing costs more than passive investing. And you may or may not be receiving benefits that are worth the extra costs.

In the case of an investor who does not have any special information, i.e., better information than other investors, there is no reason to hold a different portfolio of shares than other investors, i.e., a so-called market portfolio of shares. Nobel Prize winner, William Sharpe (paraphrased)

Active management refers to the investment style in which a portfolio manager builds a portfolio out of handpicked, specifically chosen securities.

Passive management refers to the investment style in which the manager seeks to mimic or track the performance of an index.

For decades, academic finance has been trying to teach us something important: If the "average" portfolio manager in an asset class charges higher fees than the index (and most do), the "average" manager will deliver net investment performance worse than the index. Why? By definition, the "average" return in an asset class is the performance generated by the blend of all the assets in that class before fees.

So, unless you're confident you know how to pick above average managers, you're better off with an index. The higher the management fees, the more this holds true.

What is an index? An index is the statistical aggregation of the securities in an asset class (or any other grouping). Once an index is created, it can be made investable by issuing securities designed to track it.

What is a benchmark? A benchmark is an index used for the purpose of measuring the relative performance of a portfolio.

Active management is only better when a manager can clearly demonstrate consistent outperformance, net of fees. Competitively viable passive products are sold on the basis of low total transaction costs and expenses. An expensive index fund wouldn't make much sense as a product. Of course one must watch the fees and commissions charged by advisors, brokers, and traders getting paid to provide you exchange-traded funds (ETFs), no-load mutual funds, or index funds, however, it's an easy bet that they still add up to less than most active managers charge for access to their skill.

We can easily assert that active management is only better than indexing when a manager can clearly beat the index, net of fees, but we still have the challenge of deciding which asset classes to be in, how to decide whether or not to invest actively or passively within them, whether or not a viable investable index exists, and how to find managers that are going to outperform their benchmarks. That's a lot to consider for a short article like this one, but the two most important questions are fair game.

First, where should an investor go to look for good managers and, second, how can you tell when you have found one?

First: Where Skill Matters

If you want to be a good active manager, find an inefficient asset class and then work your tail off! Good active managers outperform their benchmarks over the long-term and every good active manager knows how hard this is to achieve. However, the more efficient an asset class is (see our Q2 2009 newsletter for an explanation of *efficiency*), the harder it is to consistently outperform over the long-term.

There are many sources of inefficiency which can create opportunities for active managers: Inefficient asset classes are found where it is hard to get access to the market or to the deals themselves, difficult to obtain information or prices, hard to negotiate or trade the assets successfully, or generally hard or expensive to develop the skill or technology necessary to participate.

It is also the case that many asset classes simply do not lend themselves well to passive investing. Imagine how one might try to construct an investable passive index for investing in venture capital, low-cost housing, Missouri farm land, or sculpture. This does not mean such things haven't been tried, but the products have not done much in the marketplace.

Second: How Skill Matters

Good active management requires superior access, information, or skill and the ability to use it, consistently over time. Superior access can come from money, memberships, credentials, licenses, permits, patents, citizenships, or even willingness to be ostracized, break laws, or ignore social conventions.

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Active vs. Passive Investing: How Skill Matters (Continued)

"Under reasonable assumptions, a typical U.S. stock market investor would have increase[d] his average annual return by 67 basis points over the 1980 to 2006 period if he switched to a passive market portfolio." Kenneth R. French, The Cost of Active Investing (April 9, 2008)

Manager skill is an amorphous attribute, but it certainly applies to gifted thinkers, adroit negotiators, and accomplished risk managers. If you find a good active manager he will likely appear better, smarter, and harder working then a poor one.

Information "edge" is the stock-in-trade of the successful active manager: *Edge* is the combination of hard work and skillful application of the facts and figures. Information edge is so valuable, in fact, that some participants are willing to risk prison to obtain it.

Just remember one thing: Aggression and ambition are easily taken for intelligence. Don't be fooled.

How Do You Keep Score?

If you want to watch an active manager look dyspeptic, ask for his or her "information ratio." This ratio provides a numerical test for the value of their active management relative to their benchmark. *The Sharpe ratio* is the most famous of such ratios, but many variations of it exist. Fundamentally they all attempt to do the same thing: Evaluate the active manager's relative performance based on the relative amount of risk taken to generate it. And since at least half the managers in an asset class will have negative information ratios, even before fees, it makes sense that this statistic sells a lot of Mylanta.

Active management can and should add meaningful value to investing in inefficient asset classes . But, unfortunately, active management is often sold to customers without benefit or justification..

But things are never simple or easy. Depending on which measures are used and the frequency of those measurements, it can take five or even ten years of data points to produce statistically valid results from information ratio computations. And this assumes, of course, that it is possible to find, create and maintain a relevant benchmark.

So in practice, it's fairly difficult to tell real portfolio "alpha," demonstrable and consistent outperformance based on superior active management, from those taking credit for luck or market "beta," the fruits of simple asset class participation.

Conclusion

Good active management is clearly of great value, but it really only makes sense for inefficient asset classes. Indexing is likely to achieve better net results in efficient asset classes. Managers that gain access to superior information and have the skills to apply it can generate tremendous returns for their investors.

Good portfolio managers realize that if an asset class is highly efficient, their customers should probably own the index. This is not a criticism of any manager, merely a reflection of a basic statistical reality: It is extremely difficult to outperform an efficient marketplace consistently over the long-run. And where the opportunity of outperformance is overly difficult or expensive, buy the index. You may even realize diversification and liquidity benefits.

There has been an accelerating trend in recent years to create passively managed investable indices of a wide group of asset classes and subclasses, index funds, ETFs, ETNs, index futures, index derivatives, and every other imaginable vehicle. Advocates claim that index funds routinely beat a large majority of actively managed mutual funds after deducting fees and expenses.

At Wanger Investment Management, we believe in the fundamental principles of portfolio construction:

- Use Diversification
- Manage liquidity
- Take advantage of low correlations
- Define superior performance as the best total return for a particular level of risk.

Good portfolio managers understand that in efficient asset classes it makes sense to own the benchmark. Active management can, and should, add meaningful value to investors participating in inefficient asset classes. But, unfortunately, active management is often sold to customers without benefit or justification.

The moral of the story: When better really is better, seek alpha and buy the good stuff! But beware of cheap knockoffs!

Eric Wanger, JD, CFA, *is the President of Wanger Investment Management, Inc. and Portfolio Manager of the Wanger Long Term Opportunity Fund*

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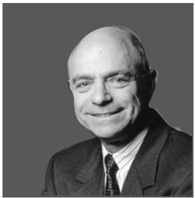
Ralph Wanger Reports:

Finding Charlie Hogan



Ralph Wanger, CFA

Most investment professionals have no free time after work and family. However, some of us do. We may be retired, unemployed, or promoted to portfolio manager (which, as we all know, takes very little time and does not over-tax the intelligence). We are fortunate to be securities analysts because we get paid nicely for doing the most interesting job on the planet. So, it only seems fair that if we get some free time, we pick one of the millions of personally satisfying opportunities for community service.

One way to contribute is to be a trustee of a non-profit organization. Some people do this merely to get their name in the annual report, and if you donate a few thousand dollars a year, everybody thinks it is fine. The real fun, however, is getting involved in the operations of the institution. Some organizations are easier to move into than others, but most are short on skilled management and all need money. The Museum of Science and Industry in Chicago, where I am a trustee, is willing to listen to outsiders. They classify trustees' ideas as either good or great. A good idea is one that will make the museum more interesting. A great idea is a good idea accompanied by a check to pay for it.

There are millions of opportunities for service, and you can easily pick one that will help your community and be satisfying to perform.

Museums, colleges, and hospitals are always hoping for very large checks (and if you can provide such support, I hope you will). But if you happen to be in the pre-billionaire stage of your career, you can still participate by targeting small projects. For instance, my first gift to the museum was a few additional benches. The latest project was not expensive but really fun.

For 47 years, the museum has had a magnificent steam locomotive inside the Transportation Exhibit. The museum decided to put a mannequin inside the cab of the locomotive to represent the engineer, and by the adroit use of a moderate contribution, my son got me the job. First, I was plunked down in a chair (while my children and grandchildren watched) and had a rubber mask of my face made. A few weeks later I was offered a chance to record an audio script to give the dummy a voice. I soon realized that this created much more of a project than just posing for a mask. To be able to talk convincingly, I had to know everything there was to know about the engineer, the history of the New York Central System, and what it was like to drive a steam locomotive.

How do you find out interesting information about the life of a long-dead working-class employee of a bankrupt and vanished railroad? The same way a financial analyst researches anything else: Read Documents and newspaper reports, take field trips, and talk to industry experts.

How do you find out interesting information about the life of a long-dead working-class employee of a bankrupt and vanished railroad? The same way a financial analyst researches anything else: Read documents and newspaper reports, take field trips, and talk to industry experts. Then use your judgment to correct typos and errors, fill in missing material with reasonable guesses, and make a coherent story.

The engineer's name was Charles H. Hogan. The basic life story of Charlie Hogan is straight forward. Born in 1850 near Batavia, New York, Charlie went to work for a predecessor of the New York Central railroad system when he was 14 years-old, and, except for four early years on the Union Pacific, continued to do so until his death in 1939. Imagine a career of 75 years of service in one company! That might not be a world record, but one world record he surely set was in May 1893 when, as the engineer of the Empire State Express, he broke the speed barrier of 100 miles per hour for the first time in human history. That is why his locomotive is a prized artifact at the museum.

Engineer Hogan made his record run at age 43, having been a locomotive engineer for 25 years. He was asked about his early memories by a reporter from *The Buffalo News*. The newspaper story said that his strongest memory was that of meeting Abraham Lincoln in 1864. Of course, I was very excited to read this, because a link to Lincoln would add enormous interest to my audio script. The Lincoln story needed more detail, so I tried to find additional information about how this meeting occurred. There were no other mentions of Charlie meeting Lincoln in any other writings. In 1864, Charlie was only 14, and there is no evidence that he left upstate New York in this period. So, Lincoln must have come to him. There are not any books about Charlie Hogan but there are a lot of books about Abraham Lincoln, so I did some research at the public library. I hypothesized that when Lincoln was running for re-election in 1864 he might have made a campaign speech in upstate New York. That didn't happen. In those days, it was considered undignified for a sitting president to actively campaign for re-election. Because the Civil War was raging in 1864, Lincoln never traveled beyond Washington and Northern Virginia. Hypothesis disproved. That left only one explanation.

Lincoln was assassinated in April of 1865. His body was transported on a special funeral train that took a circuitous

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Finding Charlie Hogan (Continued)

route through the sorrowing nation, starting from Washington and ending at the president's final resting place in Springfield, Illinois. The funeral train stopped for a full day in Buffalo. A great tent had been built in the town hall and Lincoln's body was displayed in the open casket. Thousands of people lined up to pay their respects to the great man. So when young Charlie joined this crowd and saw Lincoln's craggy face close-up, in a coffin surrounded by flowers, guards in fancy military uniform, and choruses singing, this tragic and dramatic event certainly would have become one of the strong memories of his early life.

Analysts have to pay very close attention to what people say or write. The reporter's words on meeting Mr. Lincoln were not false, but required re-interpretation.

Analysts have to pay very close attention to what people say or write.

The accuracy of the Empire State Express speed record was a subject of controversy at the time, and the controversy continues to this day. The speed record claimed was 112.5 mph, but there was no speedometer anywhere else on the train. The speed measurement was done by journalists and railroad officials seated on the train and carrying stopwatches. Mile posts were set along the track so one could calculate the speed. Most of the timing was done by employees of the railroad, and since the whole idea of building the 999 and trying for a speed run was a public relations stunt designed to sell tickets, there was an obvious bias for the timing squad. One of the enthusiastic gentlemen shouted out 32 seconds exactly! And 32 seconds exactly converts to 112.5 mph. This is a classic example of an unaudited figure. The time has been reasonably disputed ever since, and 32.00 is much too round a number to inspire confidence that it was a good datum. But engineer Hogan wrote a letter supporting the 112.5 mph figure, so I will stand by my man. Again, an analyst has to apply a skeptical reading of investor relations releases.

This is a classic example of an unaudited figure. The time has been reasonably disputed ever since, and 32.00 is much too round a number to inspire confidence that it was a good datum... Again, an analyst has to apply a skeptical reading of investor relations releases.

Any good analyst goes on a field trip. I spent an hour in the cab of the 999 trying to identify the various controls and gauges. According to the historical record, Charlie was complimented as an engineer who could run with the Johnson Bar in the company notch. It took some time to find out what that meant (not that you should care). There were two white ropes mounted on the ceiling of the cab, one on each side. I guessed that one blew the whistle and the other rang the bell. There was a glass partition across the cab, a wall about three feet high. To figure out which rope did what, it was imperative for me to scale the wall, which was considered an interesting feat by several people in the cab. But I made it, and going to the fireman's side of the cab and yanking the cord, I was rewarded with a loud clang of the bell. I gave it two more tugs just for the joy of hearing a brass locomotive bell in full voice.

What was the most interesting thing I found out doing this research? I think it was the way they went about setting the speed record. No one had ever driven an engine anywhere close to 100 mph, so there was no data to show that the 999 would stay on the track or that the machinery would hold together. The 999 was a one-of-a-kind locomotive that was built only a month before the speed run. It was an untested engine of a novel design. Today, I am sure if a modern railroad was introducing a new high-speed locomotive, they would set up an elaborate protocol. That's not the way the New York Central and Hudson River Railroad did it (i.e., no crash dummies). They sold tickets on the Empire State Express as usual. The four cars were filled with passengers and some railroad officials. The train ran as usual from New York City to Syracuse. There, the first engine was uncoupled and the 999 took over. Charlie and his fireman, Al Elliott, took the Empire State Express down the track, gradually increasing the speed. On that first run, on May 9, 1893, the Empire State Express set a new world record of 103 mph. The passengers aboard were thrilled to be on this historic run. The next day, the train was filled with a new set of excited passengers and railroad men, and Hogan and the 999 set the 112.5 mph record. No lawyers were on board. One has to admire the careless enthusiasm of that vanished era.

The point of this essay is not railroad history. It is to get you to do some volunteer work with a non-profit organization. Use your skills on the investment committee or just show up and help wash the dishes. You will get a lot of fun and pride by doing it.

If you want to meet Charlie Hogan in person, he hangs out at the Museum of Science and Industry in Chicago and welcomes visitors.

FYI, Tom Mulroy is Wanger Investment Management's new COO. His grandfather was an engineer for the New York Central railroad. I wonder if he knew Charlie...

Ralph Wanger, CFA, *is Senior Advisor to Wanger Investment Management, Inc.*

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Bill Andersen:

Recession Over, But Depression Lingers

In April I had the opportunity to attend an investment conference. During one of the sessions, the moderator asked the audience, which was packed with fund managers and CEOs, when they thought the current recession would end. We were given four choices:

1. The fourth quarter of 2009
2. The first quarter of 2010
3. The second quarter of 2010
4. Sometime in 2011

Equipped with gadgets at our tables we all voted. The vast majority thought the recession would continue well into 2010 or 2011. Only 5% thought it would end in the fourth quarter of this year.

Just six months later, we read that the recession probably ended in the third quarter of 2009, which wasn't even one of the choices in the survey. The change in perception about the economy in the past six months must be one of the largest ever seen in such a short time and has been a driving force behind the market rally.

Of course, many problems still persist. To paraphrase Edward Harrison, "the recession is over, but the depression is still here." There are still significant deflationary pressures on the economy, and recovery in many sectors may be far off. Most investors' accounts are still far below their peaks. The steps taken to avert a collapse of the financial system may slow a recovery and limit options in the years ahead. Investors are likely to be more risk averse, at least for a while.

The return on an investment portfolio is a combination of income and capital appreciation (or depreciation). Historically, income has been the more important factor for investors. Studies have shown that income, in fact, has provided the bulk of returns to equity investors over time. The problem, of course, is that earning income requires selecting the right companies and then holding on to them as the dividends start to accumulate. It can be hard to do this when faced with so many seemingly more exciting strategies or the chance to follow up on a tip from Maria, Jim, or Erin on CNBC. Successful dividend investing doesn't require their advice. It doesn't even require cable.

Successful dividend investing requires good stock selection, especially during times like these. January of 2009 was the worst month for dividend cuts since Standard and Poor's started keeping track in the 1950's. Many dividend payers have lagged the market this year. Still, others have been superior performers.

For many investors, the ability to generate income from their portfolios will be a key component in their future plans and lifestyle choices. Part of the "new normal," which Mohamed El-Erian of PIMCO has written about, may be an unwillingness to count on capital gains to support their lifestyles (this was never a good idea anyway). This is especially true for investors reaching retirement age at a time when their account balances are much lower than they were several years ago. The challenge for investors will be to find a way to generate meaningful income from their investment portfolios without taking excessive risk.

William R. Andersen, CFA *is the Principal of Andersen Capital Management and Portfolio Manager of the Wanger Income and Growth Fund*

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Investment Writeup:

Orbital Sciences Corp. (NYSE: ORB)

As a result of the financial meltdown, many solid, well-run companies were left undervalued by the market. We believe that a recent addition to our portfolio – Orbital Sciences Corp. (NYSE: ORB) – exemplifies this type of situation and highlights the opportunities available to fundamental, long-term investors.

ORB develops and manufactures small and medium-sized rockets, satellites, and advanced space systems. ORB's rockets are used for various purposes, including several missile defense applications and as launch vehicles for low Earth orbit (LEO) satellites. ORB, a market leader in the small to medium-sized geosynchronous Earth orbit (GEO) satellite market, manufactures satellites primarily for commercial communications applications; however, its satellites are also deployed for scientific, educational, and national security purposes.

ORB is currently involved in two major development programs. In 2008, ORB and the National Aeronautics and Space Administration (NASA) entered into a three year Commercial Orbital Transportation Services (COTS) agreement under which ORB agreed to help develop a new space transportation system to conduct resupply missions to the International Space Station (ISS). As part of the agreement, ORB is developing the Cygnus Advanced Maneuvering Spacecraft. The company is also privately developing the Taurus-II Rocket (T-II), which will launch the Cygnus Spacecraft into orbit. In the fourth quarter of 2008, NASA awarded ORB a Commercial Resupply Services (CRS) contract. Under this contract, ORB agreed to execute eight missions (using both the T-II and the Cygnus Spacecraft) to deliver cargo and supplies to the ISS between 2011 and 2015. The CRS contract provides the company with a built-in customer for its two major development projects prior to either product entering the production phase. The company should generate approximately $230 million in annual revenues from the CRS contract. Additonally, there is a good chance that the contract will receive an extension through 2020.

When completed, the T-II will provide the company with a launch vehicle capable of serving the medium-lift, LEO space systems market, which is currently dominated by the Delta-II series of rockets. However, production on the Delta-II rockets has been suspended and they are being phased out of service. The medium-lift LEO market represents a $75-$375 million (depending on the number of launches) opportunity for ORB's T-II rocket program.

Unsurprisingly, both of ORB's major development projects have experienced cost overruns, resulting in increases to the company's research and development (R&D) costs. These execution problems, along with the overall macroeconomic outlook, have driven down the company's stock price. However, we believe that these issues are the industry norm (after all, we are talking about rocket science!) and that the company will successfully complete both development programs.

We are prepared for ORB to finish 2009 on a negative note and generate negative cash flows in 2010. However, we feel that the market has overreacted to ORB's execution problems and the reaction to near-term cash flow projections has been overdone. As the T-II and Cygnus exit the development stage and enter production, ORB will see a substantial decrease in its R&D costs, resulting in higher operating margins. We feel that in the long-term, ORB's major development projects, combined with its current portfolio of products, will enable the company to experience double-digit earnings growth and return to generating strong free cash flow. We view the next quarter or two as an attractive buying opportunity for long-term investors. As ORB begins to achieve mileshones and gains visibility on the outcome of the T-II and Cygnus projects, the market should react accordingly. We feel that ORB's future prospects for earnings growth remain very strong.

ORB also represents a potentially attractive acquisition target. Any decrease in defense spending would make it difficult for the major prime defense contractors to grow organically; thus, they would look to grow earnings through acquisitions. The future benefits of ORB's major development programs, its position as a market leader in several niche aerospace markets, the overall risk profile, and the possibility of an acquisition combine to make ORB an attractive long-term investment. Go slow with this one, but if you're patient, you may be rewarded in the long-term.

Joel Hainsfurther *is a Securities Analyst for Wanger Investment Management, Inc.*

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Irene's Corner:

Wanger Welcomes

Christopher R. O'Dea Joins as EVP Of Business Development

We'd like to welcome Christopher R. O'Dea to Wanger Investment Management, Inc. as Executive Vice President. His responsibilities include the strategic business development of Wanger Investment Management, Inc. and its subsidiaries. Mr. O'Dea has more than 20 years of experience in the financial services industry, including more than 11 years raising capital and developing client and professional relationships with private bankers and institutional investors in Europe.

Prior to joining WIM, he served as Vice President for Calamos Investments, where he established Calamos' new mutual fund business in Europe. Previously, Mr. O'Dea served as Managing Director, International Development for Wanger Asset Management, L.P., where he built a successful business serving institutional and wealth management clients.

Mr. O'Dea is a long-standing active member of the President's Circle of the Chicago Council on Foreign Relations. During his career, he has been invited to speak at the Dublin Fund Industry Association annual conference, the ICI/IBA Global Mutual Funds Conference, Wall Street Journal Europe conferences in Boston and Amsterdam, as well as private industry venues.

Before moving into the investment profession, Mr. O'Dea was National Director of Field Operations with Coopers & Lybrand where he was responsible for major new business proposals in the U.S. and coordination with global member firms of the C&L network on international proposals. Mr. O'Dea joined Coopers after a career in financial journalism, where he specialized in coverage of derivatives trading, managed futures and hedge funds, investment banking, and private equity. Mr. O'Dea holds a degree in History from Brown University.

Thomas F. Mulroy Joins as Chief Operating Officer

We'd like to welcome Thomas F. Mulroy to Wanger Investment Management, Inc. as Chief Operating Officer. His responsibilities include the management of the support and control infrastructure as well as working with Eric Wanger on the development and execution of the firm's strategic plan.

Mr. Mulroy has over 20 years of experience in the financial services industry and most recently spent two years as the Chief Operating Officer at the Chicago Trading Company. Prior to that, Mr. Mulroy spent over 18 years with the Bank of America and predecessor companies, finishing his career there as the Chief Operating Officer of the Liquid Products Trading and Sales group.

Mr. Mulroy is a Magna Cum Laude graduate of the University of Detroit with a B.S. in Accounting. Mr. Mulroy also holds an M.B.A. from the University of Detroit. Mr. Mulroy is active in the Cystic Fibrosis Foundation and sits on the University of Detroit-Mercy School of Business Advisory Board.

Elizabeth Mathew Stevko Joins as a Marketing and Sales Associate.

We'd like to welcome Elizabeth Mathew Stevko to Wanger Investment Management, Inc. as a Marketing and Sales Associate. Her responsibilities are to build firm resources including portfolio metrics, investment process communications, marketing materials, presentations, and sales strategy.

Previously, Ms. Mathew Stevko worked on an international trading desk at Philadelphia International Advisors on the East Coast. She also worked on their marketing team in the managed accounts space. She has completed internships with the Rodney White Center for Financial Research at the Wharton School, The Council on Foreign Relations, and Merrill Lynch.

Ms. Mathew Stevko received a B.A. in Economics from the University of Pennsylvania in 2006 with minors in History and Legal Studies.

Irene Moy, Director of Operations

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