Eric Warner: Asset allocation discussions have become very popular with wealth managers and other investment professionals. And we think that’s a good thing. Studies have shown that asset allocation is the primary determinant of long term returns and the volatility of those returns. But in our opinion the asset allocation discussion has become too complex. Managers are suggesting between 10 and 15 asset classes for a typical investor. We think that’s too many. You know, this adds complexity, it adds cost to a typical portfolio. At Dodge & Cox we offer fixed income investments and equity investments. On the equity side we have domestic, international, and global portfolios. On the fixed income side we have domestic and global portfolios as well as tax-free bonds for the individual investor. Using these two asset classes, we can build out a well-diversified portfolio for an investor. So for example, using domestic and international equity securities combined with a high quality bond portfolio, we can achieve broad market equity diversification, lower the overall volatility of the portfolio, and provide a certain level of income to the client. There are several benefits to the client in doing this. The first is simplicity. What I mean by simplicity is we’re using two asset classes as opposed to 10 or 15. But simplicity doesn’t mean simple. We travel the world looking for investments and we build global fixed income and equity portfolios for our clients. The second benefit is lower cost. Managers that use models with 10 to 15 asset classes tend to want to include high-cost alternatives such as hedge funds and there’s also a layering of fees. You’ll see that the wealth manager has a fee and then the underlying investment manager who is selecting the investments also have fees. At Dodge & Cox we just have the one fee. And finally, there’s transparency. And transparency, what I mean by that is at Dodge & Cox any security in your portfolio we have researched and selected for the account. We know what you own and you know what you own. So asset allocation is very important but more is not necessarily better and it can be more costly. At Dodge & Cox for the past 83 years we’ve served our clients well by building equity and fixed income portfolios to meet their objectives.