According to the Boston Globe this morning, Fidelity Investments made a few large investments in social media during the first quarter of this year. It is reported that William Danoff, the manager of Fidelity's Contrafund - it's biggest and very popular fund - has invested $74 million in Facebook Class B common shares and $82 million in Zynga convertible preferred stock. Danoff has managed the $80 billion Fidelity Contrafund since September 1990.

In the article, "Vincent Loporchio, a spokesman for Fidelity, said more than 30 of its funds held Facebook shares as of April 30. No fund had more than 0.15 percent of its assets invested in Facebook, said Loporchio, who declined to comment further."

This is certainly no surprise as large funds have been dying to get their hands on the red hot shares of these social media companies, but it does mark a scary trend.

These secondary markets are not regulated at all by the SEC, and most funds have avoided these privately traded stocks for years. These markets can be extremely volatile and guess what is going to be first to crash, once this said "bubble" we are in either pops or deflates?

I certainly like this move, historically these markets have proven to be extremely valuable leading up to the company's IPO's but again can be very risky. The fund also has a $5.3 billion stake in Apple Inc. and $3.8 billion in Google Inc.

Having that said, being a Fidelity alum I have money in the Contrafund and dig the investment.
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