Welcome to the *MONEYLETTER* Hotline for July 11, 2007

As if you needed to be told, yesterday's almost 1.5% sell-off for the S&P 500 reminded you that we have a very jittery market on our hands. Our advice is: Get used to it. The playing out of the subprime mortgage mess will be with us for some time. Many financial players will be negatively affected. This means Wall Street will be hurting, and when Wall Street hurts, the players there are capable of making it seem as if the entire financial structure of the country is at risk. It is not. Things have to be put in perspective. The Fed has been trying to do that this week with speeches saying that the subprime fiasco should not have a significant effect on the economy's performance.

For us, that is the key point to keep in mind as subprime problems continue to bubble up. A brokerage house or a hedge fund may have subprime troubles, with losses that make headlines, but the rest of the economy will be producing, shipping and exporting. As we saw yesterday, investors tend not to make any distinctions when financial troubles hit the headlines. Everything is sold. In the case of subprime fears, we see the reaction as eventually setting up a buying opportunity. The underlying growth is only marginally affected. We remain positive on equities with a decided tilt abroad.

There is no change in our recommended asset allocations.

New Fund Ratings – For domestic stock funds, Powershares Dynamic Mid Cap Growth (ETF) is now rated Buy. Robeco Boston Partners Mid Cap Value is a new Hold. There is no change for international stock funds.

The Economy – Last Friday's June employment report confirmed that the economy rebounded smartly last quarter after stagnating in the previous quarter. The latest monthly surveys for manufacturing and non-manufacturing also tell us that this quarter is getting off to a good start. The housing woes have not spilled over to the general economy. However, the latest reports from the consumer from are not encouraging. High gasoline prices are taking their toll, it is said. Also, the general housing slump is hitting consumer wealth. Still with manufacturing leading the way, we should see moderate growth for the rest of this year.

The Stock Market – After yesterday, the bears are now out in force. As we said, the jitters have returned, and we expect they will be with us for some time. Also the earnings slowdown we have been expecting is probably here. Still, the American market is very reasonably valued. Further, with the dollar at lows, American stocks are cheap for foreign investors. To repeat, we remain positive on equities.

The Select Portfolio – There is no change for this portfolio.

The next Hotline is scheduled for Wednesday, July 18th at 7pm.