

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, December 21, 2016

The Dow Jones Industrial Average has been within 1% of the 20,000 level over the last week, with trading slow and volatility low heading into the holidays. The Fed's interest rate hike last week did little to hurt US stocks. Despite several instances of global political and religious violence this week, world markets have remained steady. Expectations for increased spending by the incoming Administration seem to be providing downside protection as we approach year-end.

US stocks are near their all-time highs, and along with European and Japanese stocks have rallied strongly this month. Since December 1st, the Euro STOXX 50 is up 7.9%; the Nikkei 225 rose by 5.0%; and the S&P 500 is 3.4% higher.

With our recent shift from bond funds to domestic stock funds (see the December 2016 MONEYLETTER for details), you are well positioned for current conditions. There are no changes in our asset allocation advice and no trades in the model portfolios this week.

New Fund Changes – For domestic stock funds, there are no new Buys, Holds, or Sells this week.

For international stock funds, there are three new Buys this week: Oakmark International I (ticker: OAKIX), SPDR S&P Emerging Europe ETF (GUR), and Oakmark Global I (OAKGX). There are three new Holds: Third Avenue International Value Investor (TVIVX), Matthews China Investor (MCHFX), and iShares China Large-Cap

(FXI). There are three new Sells this week: Matthews China Dividend Investor (MCDFX), iShares MSCI China (MCHI), and iShares MSCI Hong Kong (EWH).

Thank you for visiting the MONEYLETTER Hotline. The next Hotline will be available on our website in the Member Area at 11pm (EST) on Wednesday, December 28th and it will be emailed on Thursday morning December 29th. All of us here at MONEYLETTER wish you a safe and enjoyable holiday week.