

MONEYLETTER *hotline*

Welcome to the MONEYLETTER Hotline for Wednesday, January 20, 2016

Severe negative sentiment – prompted by the global impact of plunging energy prices – has gripped world equity markets. It is time to take a more defensive posture consistent with the uncertainty and our principle of safety through diversification. We are recommending a reduction in equity positions for all investors at this time. Absent poor and deteriorating fundamentals, we will be looking closely for a re-entry point, especially for more aggressive investors.

In the Conservative models, we are reducing the international stock fund allocation by 10%, from 20% to 10%. The proceeds will be used to increase the bond fund allocation from 10% to 20%. In the Moderate models, reduce domestic and international stock funds by 10% each; domestic goes from 50% to 40% and international goes from 20% to 10%. Put half the proceeds into bond funds, and half into money market funds. In the Venturesome models, reduce domestic stocks by 20% and international stocks by 10%; domestic goes from 60% to 40% and international goes from 30% to 20%. Put 10% into bond funds, and 20% into money funds.

Details of the above trades will appear in the February MONEYLETTER. If you would like them before then, email your request to: service@moneyletter.com.

New Fund Changes – For domestic stock funds, there are seven new Buys this week: American Century Equity Income Investor (ticker:TWEIX), iShares High Dividend (HDV), iShares Select Dividend (DIVY), Intrepid Endurance Investor (ICMAX),

PowerShares Hi-Yield Equity Dividend Achievers (PEY), WisdomTree Equity Income ETF (DHS) and Schwab U.S. Dividend Equity ETF (SCHD). There are four new Holds: Clipper Fund (CFIMX), Fidelity OTC Portfolio (FOCPX), T. Rowe Price New America Growth (PRWAX) and Fidelity Growth Company (the fund is closed, FDGRX). There is one new Sell this week: Conestoga Small Cap Investor (CCASX). This fund is in the MONEYLETTER Moderate model and will be sold as part of the allocation change.

For international stock funds, there are no new Buys this week. There are two new Holds: T. Rowe Price Global Stock (PRGSX) and Oakmark Global Select I (OAKWX). There are no new Sells.

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, January 27th, 2016 at 7pm.