

MONEYLETTER *hotline*

Welcome to the *MONEYLETTER* Hotline for Wednesday, July 27, 2016

The US stock rally has flattened out over the last two weeks, but has held near all-time highs on the strength of improving economic reports. The Federal Reserve left interest rates unchanged after their two-day meeting, saying risks to the economy and markets have eased. They cited June's strong job growth number (287,000) that eased worries over May's dud. September may now be in play for the Fed.

Stocks prices around the globe have been little changed since the last Hotline. Over the period the EuroSTOXX 50 moved ahead by 1.1%, the Nikkei 225 lost 0.1%, and the S&P 500 was down 0.3%. As we mentioned in the last Hotline, we were due for a pause. There is no change to your asset allocations.

There is a fund exchange recommended in all three Vanguard-only model portfolios. Vanguard investors should Sell Vanguard Mega Cap Growth ETF (ticker: MGK). For the Vanguard Conservative and Moderate models, the replacement fund is Vanguard S&P Mid-Cap 400 Value ETF (IVOV). In the Vanguard Venturesome model, Buy Vanguard Small Cap Value ETF (VBR). For investors who do not have a brokerage account at Vanguard and prefer a traditional mutual fund, use Vanguard Mid-Cap Value Index (VMVIX) for the Conservative and Moderate models, and Vanguard Small Cap Value Index Investor (VISVX) for the Venturesome model.

New Fund Changes – For domestic stock funds, there are four new Buys this week: Guggenheim S&P Midcap 400 Pure Value ETF (RFV), Guggenheim S&P 600 Pure Value ETF (RZV), Neuberger Berman Large Cap Value Investor (the fund is closed,

NPRTX), and T. Rowe Price Small-Cap Value (PRSVX). There are no new Holds. There are five new Sells this week: Vanguard Mega Cap Value ETF (MGV), AMG Yacktman Focus Service (closed, YAFFX), Northern Income Equity (NOIEX), AMG Yacktman Fund Service (closed, YACKX), and Vanguard Mega Cap Growth ETF.

For international stock funds, there is one new Buy this week: Guggenheim BRIC ETF (EEB). There is one new Hold: VanEck Vectors Africa ETF (AFK). There are no new Sells this week.

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, August 3rd at 7pm Eastern Daylight Time.