

MONEYLETTER

Hotline

Welcome to the Hotline for Wednesday, November 2, 2016

Uncertainty surrounding next week's elections has soured world stock markets. The S&P 500 declined for the seventh straight day today, although the total drop amounts to only 2.3%. The Fed announced this afternoon that they would not raise rates at this time, but certainly left open the possibility of a hike in mid-December.

We expect fiscal stimulus to support the market after the election. There are no changes to your asset allocation targets and there are no trades for the model portfolios this week. There was one model portfolio trade recommended last week: MONEYLETTER Conservative investors should Sell Royce International Premier Service (ticker: RYIPX). The replacement fund is T. Rowe Price Global Stock (PRGSX).

New Fund Changes – For domestic stock funds, there is one new Buy this week: iShares Morningstar Mid Cap Value (JKI). There are eight new Holds: WisdomTree SmallCap Dividend ETF (DES), Third Avenue SmallCap Value Investor (TVSVX), PowerShares Zacks MicroCap ETF (PZI), iShares S&P SmallCap 600 Pure Value (IJS), SPDR S&P 600 Small Cap Value ETF (SLYV), Royce Opportunity Investor (RYPNX), Bridgeway Ultra-Small Company Market (BRSIX), and Bogle Small Cap Growth Investor (BOGLX) There are four new Sells this week: WisdomTree Equity Income ETF (DHS), iShares Morningstar Small Cap Growth (JKK), Heartland Value (HRTVX), and PowerShares Russell 2000 Pure Growth ETF (PXSG).

For international stock funds, there is one new Buy this week: WisdomTree Japan SmallCap Dividend ETF (DFJ). There are seven new Holds: iShares MSCI Hong

Kong (EWH), First Trust ISE Chindia ETF (FNI), Matthews China Dividend Investor (MCDFX), SPDR S&P China ETF (GXC), WisdomTree Australia Dividend ETF (AUSE), iShares MSCI China (MCHI), and PowerShares Golden Dragon China ETF (PGJ). There are two new Sells this week: iShares China Large-Cap (FXI) and Matthews China Small Companies (MCSMX).

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, November 9th at 7pm (EST). Don't forget to log in to the Hotline at our website. See page 11 of the October MONEYLETTER issue for more details.