

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, February 22, 2017

Minutes from the Federal Reserve Open Market Committee's recent meeting indicate that an interest rate hike could be coming "fairly soon." As always, there's the caveat that Fed monetary policy is data-dependent. But some participants feel another hike at an upcoming meeting would provide policy makers greater flexibility to manage future economic circumstances.

Although the odds of rate increase at the March 14-15 meeting have increased, it hasn't held back US stocks. The S&P 500 is up almost 4% so far in February as investors size up potential fiscal and tax policy under the Trump administration. Since the last Hotline on February 15th, the S&P 500 is up 0.6% and the Euro STOXX 50 is up 0.5%. The Nikkei 225 was off by 0.3% for the week.

There are no changes in our asset allocation advice. There are two trades to announce in the model portfolios. We are selling PowerShares High-Yield Equity Dividend Achievers (ticker: PEY) in the MONEYLETTER Conservative, Moderate and Venturesome portfolios. The replacement in all three models is iShares Russell 2000 Value (IWN). Also, we are selling Matthews Emerging Asia Investor (MEASX) in the MONEYLETTER Moderate and Venturesome portfolios. The replacement in both cases is Oakmark Global Investor (OAKGX).

New Fund Changes – For domestic stock funds, there are three new Buys this week: Clearbridge Small Cap C (LMASX), Royce Premier Investor (RYPRX) and Bogle Small Cap Growth Investor (BOGLX). There is one new Hold: Kinetics Paradigm No Load

(WWNPX). There is one new Sell this week: PowerShares Hi-Yield Equity Dividend Achievers.

For international stock funds, there is one new Buy this week: Matthews China Investor (MCHFX). There are no new Holds. There is one new Sell this week: Matthews Emerging Asia Investor.

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, March 1st and it will be emailed on Thursday morning March 2nd.