

MONEYLETTER

Hotline

Welcome to the Hotline for Wednesday, May 17, 2017

US stocks, which have experienced low volatility and steady gains since early November, moved sharply lower today. Doubts about the future of President Trump's pro-growth economic agenda prevailed as political chaos enveloped the White House. The 373-point decline in the Dow, while stressful, should come as no surprise for an index close to its all-time high. We are not swayed by the antics in Washington.

Since the last Hotline on May 10th the S&P 500 declined by 1.8%; the Euro STOXX 50 slid 1.7%; and the Nikkei 225 dropped 0.4%.

There are no changes to our asset allocation advice. There are two model portfolio trades recommended: First, Sell Fidelity Stock Selector Small Cap (ticker: FDSCX) in the Fidelity Venturesome model. Put 50% of the proceeds into Fidelity OTC Portfolio (FOCPX) and 50% into Fidelity Blue Chip Growth (FBGRX), both existing positions. Also in the Fidelity Venturesome model, Sell Fidelity Japan Smaller Companies (FJSCX). The replacement fund is Fidelity Emerging Markets (FEMKX).

Last week, in the all 3 Fidelity models, we Sold Fidelity Mid Cap Stock (FMCSX). The proceeds were used to purchase Fidelity Blue Chip Growth.

New Fund Changes – For domestic stock funds, there are four new Buys this week: Legg Mason Opportunity FI (LMOFX), Fidelity Blue Chip Growth, Fidelity NASDAQ Composite Index (FNCMX) and Fidelity NASDAQ Composite Index Tracking (ONEQ). There are 11 new Holds: Guggenheim S&P SmallCap 600 Pure Growth ETF (RZG), AMG Managers Fairpointe MidCap N (CHTTX), ClearBridge Small Cap C (LMASX), Ariel Fund

Investor (ARGFX), TETON Westwood SmallCap Equity AAA (WESCX), TCW Relative Value Mid Cap N (TGVNX), AMG River Road SmallCap Value N (ARSVX), SPDR S&P 600 Small Cap Growth ETF (SLYG), T. Rowe Price Small-Cap Value (PRSVX), iShares S&P SmallCap 600 Growth (IJT) and iShares Russell 2000 Value (IWN). There are three new Sells this week: PowerShares Zacks MicroCap ETF (PZI), Fidelity Stock Selector Small Cap and iShares Morningstar Small-Cap Value (JKL).

For international stock funds, there is one new Buy this week: iShares MSCI Eurozone (EZU). There are six new Holds: Guinness Atkinson Global Innovators Investor (IWIRX), T. Rowe Price Global Stock (PRGSX), Longleaf Partners International (LLINX), Dodge & Cox Global Stock (DODWX), Oakmark Global Select I (OAKWX) and Oakmark Global I (OAKGX). There are two new Sells this week: SPDR Global Dow ETF (DGT) and Fidelity Japan Smaller Companies.

Thank you for visiting the MONEYLETTER Hotline. The next Hotline will be available on our website in the Member Area at 11pm (ET) on Wednesday, May 24th and it will be emailed on Thursday morning May 25th.