

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, May 24, 2017

US stocks shook off last Wednesday's big drop, with the S&P 500 posting gains in five straight sessions and finishing today at an all-time high. Minutes from the Fed's May meeting indicate the central bank is still targeting two interest rate increases over the rest of this year despite some weaker economic reports. June remains likely as many participants viewed the weakness as transitory.

Since the last Hotline on May 17th the S&P 500 gained 2.0%; the Euro STOXX 50 was essentially flat; and the Nikkei 225 slipped 0.4%.

There are no changes to our asset allocation advice. There are two trades in the model portfolios. In all three MONEYLETTER models, Sell Needham Small Cap Growth (ticker: NESGX). The Buy fund in the Conservative model is PRIMECAP Odyssey Growth (POGRX); in the MONEYLETTER Moderate and Venturesome models the replacement fund is Fidelity OTC Portfolio (FOCPX). Also, in the Fidelity Moderate and Venturesome portfolios you should Sell Fidelity Growth & Income (FGRIX). The Buy fund is Fidelity Growth Discovery (FDSVX).

Last week there were two model portfolio trades: First, we Sold Fidelity Stock Selector Small Cap (FDSCX) in the Fidelity Venturesome model. Subscribers were instructed to put 50% of the proceeds into Fidelity OTC Portfolio and 50% into Fidelity Blue Chip Growth (FBGRX), both existing positions. Also, in the Fidelity Venturesome model, we Sold Fidelity Japan Smaller Companies (FJSCX). The replacement fund is Fidelity Emerging Markets (FEMKX).

New Fund Changes – For domestic stock funds, there are six new Buys this week: Fidelity Growth Discovery, T. Rowe Price Growth Stock (PRGFX), T. Rowe Price New America Growth (PRWAX), First Trust NASDAQ-100 Equal Weight ETF (QQEW), T. Rowe Price Blue Chip Growth and Harbor Capital Appreciation Investor (HCAIX). There are three new Holds: PowerShares Russell 2000 Pure Growth ETF (PXSG), Royce Opportunity Investor (RYPNX) and Royce Premier Investor (RYPRX). There are seven new Sells this week: Fidelity Growth & Income Portfolio, iShares Microcap (IWC), T. Rowe Price Equity Income (PRFDX), SPDR S&P 600 Small Cap ETF (SLY), iShares Core S&P SmallCap (IJR), Needham Small Cap Growth and SPDR S&P 600 Small Cap Value ETF (SLYV).

For international stock funds, there are two new Buys this week: PowerShares Golden Dragon China ETF (PGJ) and Vanguard International Growth Investor (VWIGX). There is one new Hold: Deutsche CROCI International S (SCINX). There are no new Sells this week.

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 31st and it will be emailed on Thursday morning June 1st.