

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, May 31, 2017

US stocks trimmed their monthly gain today as the Fed's Beige Book showed many sectors continue to grow slowly. Consumer spending appears to have softened and inflation slowed for the third straight month. The Fed is still expected to hike interest rates in June amidst conflicting economic signals.

Since the last Hotline on May 17th the S&P 500 inched ahead by 0.3%; the Euro STOXX 50 lost 0.9%; and the Nikkei 225 slipped 0.5%.

There are no changes to our asset allocation advice. There is trade and a rebalancing move to announce in the model portfolios. In the MONEYLETTER Moderate model, Sell Hodges Retail (ticker: HDPMX); with the proceeds you should purchase Baron Partners Retail (BPTRX). Also, trim the Parnassus Endeavor (PARWX) position by \$15,000; distribute \$5,000 each to the new Baron Partners Retail position, Oakmark Global I (OAKGX) and Schwab Investor Money Fund (SWRXX).

Last week there were two model portfolio trades: In all three MONEYLETTER models, we Sold Needham Small Cap Growth (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 we Sold Fidelity Growth & Income (FGRIX). The Buy fund is Fidelity Growth Discovery (FDSVX).

New Fund Changes – For domestic stock funds, there are three new Buys this week: Harbor Mid Cap Growth Investor (HIMGX), Fidelity Contrafund (FCNTX) and

American Century Ultra Investor (TWCUX). There are three new Holds: Conestoga Small Cap Investor (CCASX), Wells Fargo Advantage Discovery A (WFDAX) and Baron Growth Retail (BGRFX). There are two new Sells this week: iShares S&P SmallCap 600 Value (IJS) and Hodges Retail.

For international stock funds, there are four new Buys this week: First Trust ISE Chindia ETF (FNI), Matthews China Investor (MCHFX) Fidelity Emerging Asia (FSEAX) and iShares MSCI China (MCHI). There are no new Holds. There is one new Sell this week: Guggenheim BRIC ETF (EEB).

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, June 7th and it will be emailed on Thursday morning June 8th.