

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, June 7, 2017

With the election of French centrist Emmanuel Macron, we now see a measure of much-needed political stability on the continent. We see catalysts for growth and attractive valuations in Europe. Accordingly, we are recommending an allocation adjustment for Moderate and Venturesome subscribers.

We are shifting 10% from Domestic Stock funds to International [European] stock funds in all six Moderate and Venturesome portfolios. This action will increase the International Stock fund allocation to 20% for Moderate investors and to 30% for Venturesome investors. The Domestic Stock fund allocation will be reduced to 40% for Moderate investors and to 50% for Venturesome investors.

The new funds we are introducing are iShares MSCI Eurozone (ticker: EZU), Fidelity Europe (FIEUX) and Vanguard European Stock Index Investor (VEURX).

Since the last Hotline on May 17th the S&P 500 moved ahead by 0.9%; the Euro STOXX 50 lost 0.2%; and the Nikkei 225 increased by 1.7%.

The trades associated with the above allocation change, plus a couple others related to changes in the fund ranking list, are too voluminous to list here. Please check the current June issue of MONEYLETTER for all the details.

New Fund Changes – For domestic stock funds, there are two new Buys this week: Alger Spectra A (SPECX) and Vanguard Mega Cap Growth ETF (MGK). There are no new Holds. There are eight new Sells this week: PowerShares Dynamic Large Cap Value ETF (PWV), Fidelity Large Cap Stock (FLCSX), Vanguard Value Index Investor

(VIVAX), Vanguard Value ETF (VTV), iShares Russell 2000 Value (IWN), Vanguard S&P Mid-Cap 400 Value ETF (IVOV), Vanguard Small Cap Value ETF (VBR) and Vanguard Small Cap Value Index Investor (VISVX).

For international stock funds, there are three new Buys this week: Fidelity Emerging Markets (FEMKX), Guggenheim Frontier Markets ETF (FRN) and Longleaf Partners International (LLINX). There are two new Holds: Oakmark International SmallCap I (OAKEX) and Dodge & Cox International Stock (the fund is closed, DODFX). 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, June 14th and it will be emailed on Thursday morning June 15th.