

MONEYLETTER

Hotline

Welcome to the Hotline for Wednesday, June 14, 2017

As expected, the Federal Reserve raised their benchmark rate by 0.25 percent at the conclusion of their two-day meeting. Despite growing concerns about waning inflation, the FOMC hung their hats on the low unemployment rate and voted 8-1 in favor of the hike. The Committee still expects one more increase in 2017, but the odds for September have fallen given the inflation news and a consumer pullback in May.

We see growing opportunity across the pond. Last week we shifted 10% from Domestic Stock funds to International [European] stock funds in all six Moderate and Venturesome portfolios. This action increased the International Stock fund allocation to 20% for Moderate investors and 30% for Venturesome investors. The Domestic Stock fund allocation was reduced to 40% for Moderate investors and 50% for Venturesome investors.

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

Since the last Hotline on June 7th the S&P 500 moved ahead by 0.2%; the Euro STOXX 50 was essentially flat; and the Nikkei 225 decreased by 0.5%.

There are no trades in the model portfolios this week. The trades associated with last week's asset allocation change described above – 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 those details.

New Fund Changes – For domestic stock funds, there are two new Buys this week: Marsico Focus (MFOCX) and Oberweis Emerging Growth (OBEGX). There is one new Hold: Miller Opportunity FI – formerly Legg Mason Opportunity – (LMOFX). There are no new Sells this week.

For international stock funds, there are two new Buys this week: Hennessy Japan Small Cap Investor (HJPSX) and Driehaus International SmallCap Growth (the fund is closed, DRIOX). There are two new Holds: WisdomTree Europe SmallCap Dividend ETF (DFE) and Oakmark International I (OAKIX). There is one new Sell this week: WisdomTree Japan SmallCap Dividend ETF (DFJ).

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 21st and it will be emailed on Thursday morning June 22nd.