

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, August 2, 2017

The Dow touched 22,000 today based on the strength of corporate earnings. Year-over-year earnings growth of 9-10% has propped US stock prices over the last few weeks. The S&P 500 is up about 2.1% since the end of the 2nd Quarter.

Apple stock gained more than 5% based on its 3rd Quarter revenue estimate. The company is forecasting more revenue for the current period ending September 30 than last year when the iPhone 7 was released. There was fear that delays for the iPhone 8 would result in a forecast for much lower sales.

Since the last Hotline on July 26th the benchmark S&P 500 was flat; the Euro STOXX 50 lost 1.0%; and the Nikkei 225 was 0.1% higher.

A positive outlook for emerging markets stocks is behind the following recommendation: MONEYLETTER Moderate and Venturesome investors should switch approximately 10% of their portfolio within their International Stock fund allocation into emerging markets funds. Specifically, investors who follow those models should Sell Oakmark Global Investor (OAKGX); the replacement fund for both models is American Century Emerging Markets (TWMIX).

A more detailed description of the earnings and emerging markets themes, as well as our model portfolio performance, are in the August issue of MONEYLETTER which is now available.

There are no changes to your asset allocations this week.

New Fund Changes – For domestic stock funds, there is one new Buy this week: Conestoga Small Cap Investor (CCASX). There are four new Holds: Vanguard Capital Opportunity Investor (the fund is closed, VHCOX), Vanguard PRIMECAP Investor (closed, VPMCX), PRIMECAP Odyssey Aggressive Growth (POAGX), and Buffalo Small Cap (BUFSX) . There is one new Sell this week: Royce Premier Investor (RYPRX).

For international stock funds, there are no new Buys this week. There are no new Holds this week. There is one new Sell this week: Oakmark Global Investor (OAKGX).

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, August 9th and it will be emailed on Thursday morning August 10th.