

MONEYLETTER *hotline*

Welcome to the Hotline for Wednesday, August 9, 2017

Stock prices sagged around the globe today after the rhetoric between the US and North Korea escalated. Secretary of State Rex Tillerson did his part today to calm fears by saying "Americans should sleep well at night" and that nothing indicates to him that the situation has dramatically changed over the last 24 hours. Safe havens gained.

The Japanese market shed 1.3% today; Germany and France declined 1.1% and 1.5% respectively. Since the last Hotline on August 2nd the benchmark S&P 500 was off slightly at 0.1%; the Euro STOXX 50 gained 0.2%; and the Nikkei 225 was 1.7% lower.

While the language and circumstances are certainly concerning, cooler heads will likely prevail. Global stock markets may see the return of volatility, but we do not see a significant and/or sustained decline. Maintain your current asset allocations.

There is one model portfolio change this week: Fidelity Venturesome investors should Sell Fidelity EMEA (ticker: FEMEX). The replacement fund is Fidelity China Region (FHKCX). Last week MONEYLETTER Moderate and Venturesome investors were instructed to 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).

New Fund Changes – For domestic stock funds, there is one new Buy this week: iShares Edge MSCI USA Momentum Factor ETF (MTUM). There are two new Holds: First Trust NASDAQ-100 Equal Weight ETF (QQEW) and William Blair Small Cap Growth N (WBSNX). There are no new Sells this week.

For international stock funds, there is one new Buy this week: Selected International S (SLSSX). There are no new Holds. There are two new Sells this week: Dodge & Cox International Stock (the fund is closed, DODFX) and Fidelity EMEA.

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 16th and it will be emailed on Thursday morning August 17th.