

No-Load Mutual Fund Selections & Timing Newsletter

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Emailed Hotline Report

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Dear Subscriber,

Time to make some lateral moves, selling two laggard funds and replacing them with three leading funds. But I will also raise about 4% cash in the Aggressive Growth, Growth, and Balanced Portfolios. The reasons follow in the timing section.

PORTFOLIOS

To sell:

In the Aggressive Growth, Growth, and Balanced Portfolios, sell all VILLX and AQLX (both have lagged a month or two on a risk-adjusted basis). AQLX is a long-term capital gain, while VILLX is short-term. There are no redemption charges.

To buy:

Aggressive Growth, buy \$20,000 each into AMVIX (American Century Veedot in the ESC), FAMEX (FAM Equity Income in the EGI), and WVALX (Weitz Value in the EV). The \$20,000 is roughly 4% of the total portfolio. So, I'm selling a total of about \$80,000 (16%) and buying a total of about \$60,000 (12%) with the difference back to cash.

Growth, buy \$35,000 each into AMVIX, FAMEX, and WVALX. I'm selling about \$142,000 (16%) and buying \$105,000 (12%), leaving about \$37,000 into cash (4%).

Balanced, buy \$30,000 each into AMVIX, FAMEX, and WVALX. I'm selling about \$120,000 (16%) and buying \$90,000 (12%), leaving about \$30,000 (4%) into cash.

TIMING

The reason to raise some cash is primarily the ongoing negative divergence between the Dow Transports and Dow Industrials. In addition the sentiment amongst investors and advisors is nearing the danger zone (too many bulls). Not to mention the market has had a strong two months. I am expecting a short-term pullback in here.

Stocks Intermediate-term neutral. Long-term neutral.

Bonds Bullish

Gold Neutral

Thank you,

Steve McKee
Editor