

March 25, 2018

401k PORTFOLIO UPDATE & NEWSLETTER



envoySM

TAKE CONTROL OF YOUR FUTURE

There's a new tariff in town

Since our last newsletter, financial markets have shown continued volatility. The S&P (-5.79%), DOW (-7.02%) and NASDAQ (-4.70%) all posted declines, almost all within the last 3 days. Many analysts point to specifically identifiable reasons including international trade tensions, Facebook's issues, and political turnover, somewhat tempered by the results of last week's FOMC meeting. Drops occurred in every sector, with basic materials, financial services, healthcare, telecom, and industrials underperforming most.

While we've got our antennae up and are keeping a watchful eye on market movements, our model portfolios remain well-balanced with no changes this month.

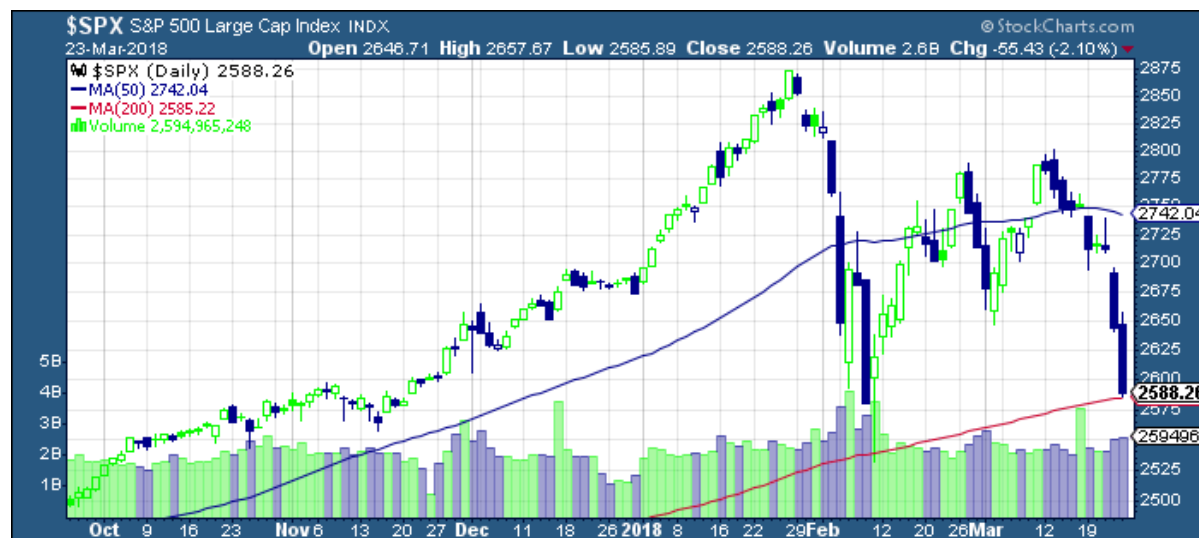


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Event-driven Market Pressure

As mentioned above, the declines are traceable to:

- **Trade Tensions:** The Administration announced tariffs on steel and aluminum, and on imports from China during the month. Both levies stoked fears of trade wars with various trading partners, leading to market drops.
- **Facebook:** The issues surrounding Facebook's (mis)use of private data led to a selloff not only in FB but also for the overall tech sector, due to worries about overall data regulation.
- **Political Turnover:** During the month, the White House replaced the National Security Advisor, the Secretary of State, its lead economic advisor and the lead counsel in the Russia special investigation, adding to uncertainty around consistency and direction of the executive branch.



It's Not All Bad.....

The Fed: The Federal Open Market Committee's meeting last week resulted in - as expected - a 0.25% increase in the target Fed Funds rate, as well as an implication of two more rate hikes this year. As widely reported by financial analysts, the FOMC's outlook for the US economy improved, featuring the implied downgrade of inflationary indicators such as business investment and household spending. At the time, the financial markets digested the meeting results without a hiccup.

Inflation?: February core CPI rose 0.2% M-o-M, meeting expectations -- the key takeaway is that the pace of rising prices seems to have cooled since January. This slowing pace coupled with mixed March economic growth data offset other inflationary indicators like PPI (up 2.7% year over year) and import prices (up 0.4% vs. estimates of 0.3%). Taken together, the data was not strong enough for the Fed to get more aggressive with rate hikes.

Back to Fundamentals: As we mentioned in last month's newsletter, many experts predict continued volatility over the short to medium term, which means expected market fluctuations due to reactions (and over-reactions) to both positive and negative news. The five fundamental foundations for the markets to do well are: corporate earnings, global economic growth, a benign Federal Reserve, non-aggressive inflation, and an absence of material political disruptions.

Momentum in this market remains mixed, at least near term, but longer-term fundamentals are still intact. When corrections happen, you will not see us frantically jumping out of the market. The EZTracker model portfolios are well-balanced - we will make necessary portfolio changes to reflect major changes in market direction while maintaining EZTracker's proven strategy, designed to deliver long-term superior results over periods of both market growth and market declines. As an integral part of that strategy, we look toward digesting upcoming data such as Q1 corporate earnings results next month while continually keeping an eye on political and other events that could continue to put pressure on overall market performance.

What We're Watching

Consumer & Business Confidence

The University of Michigan Consumer Sentiment Index rose 2.3 points in March, to its highest level since 2004, due to an encouraging general assessment of current economic conditions. Favorable mentions of the tax reform legislation in the survey were offset - equally - by unfavorable references to the tariffs on steel and aluminum.

The NFIB Small Business Optimism Index grew to 107.6, up 0.7 points above the previous reading and the second highest reading in the 45-year history of the index. We watch these two measures of mood since they are highly correlated and declines in sentiment were a leading indicator for the last two recessions.



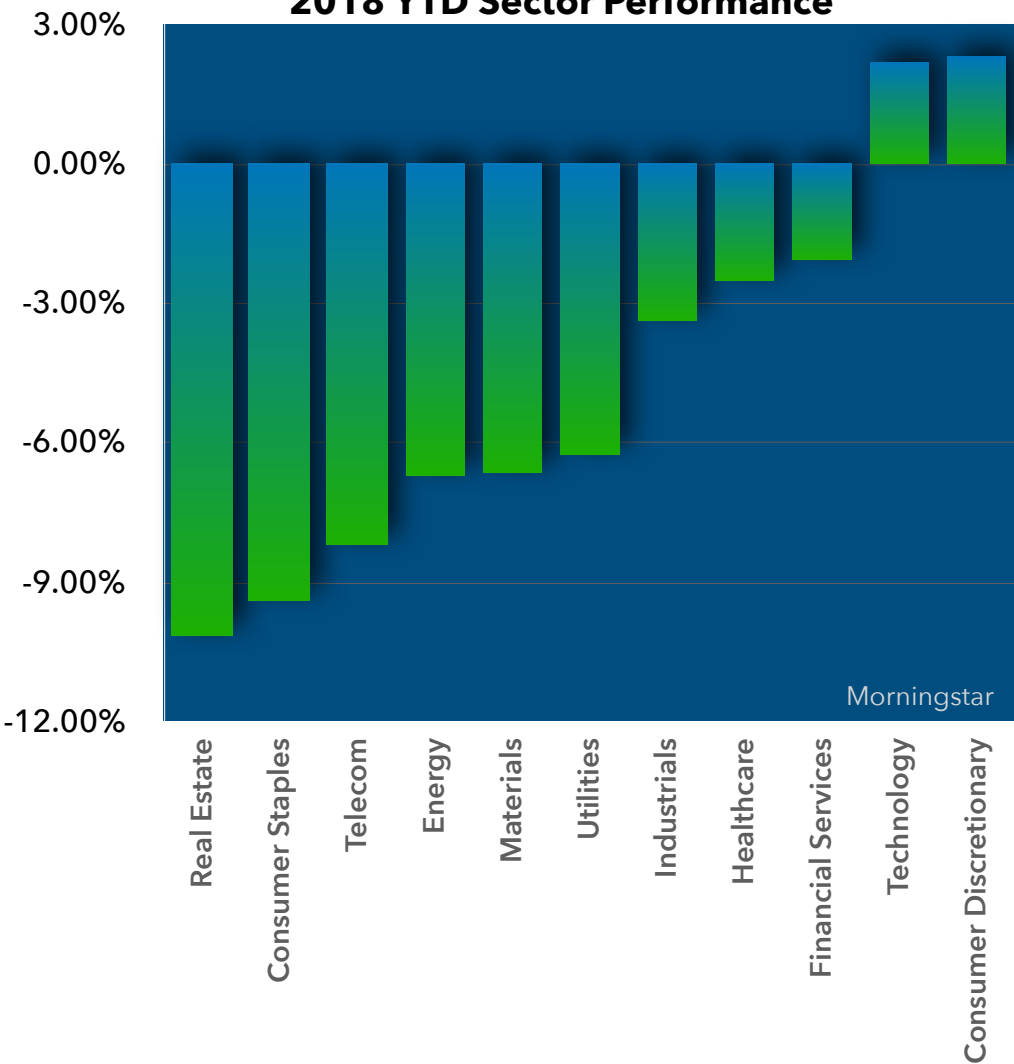
Sector Analysis

Year-to-date, US equity sector performance has been mixed with weakness specifically in value sectors (small-cap, mid-cap, and large-cap), and gains in growth sectors (small-, mid-, and large-cap). In many EZTracker model portfolios, we had shifted from value to growth for this reason. Some reasons for small-cap relative weakness could be corporate tax cuts (which favor larger companies) and rising interest rates (since small-cap companies need to borrow relatively more than large-caps to fund their growth).

YTD Index Performance: Returns (%)



2018 YTD Sector Performance



Fixed Income and Other Markets

Yield Curve and Rates: We reviewed the spread between 2-yr Treasuries and 10-yr Treasuries in February's newsletter when it stood at 0.57%. The spread remains at approximately the same level today, at 0.56%. This metric is important to monitor since each of the past seven recessions had been preceded by an inverted yield curve (shorter-term bonds paying more than longer bonds). An orderly rise of this spread would be a positive indicator for stocks.

Currencies: Growing geopolitical risk in the U.S. and escalating trade tensions could weigh on the dollar relative to other reserve currencies such as the euro and yen.

Oil & Gold: Although oil futures have been moving sideways so far this year without much trend to rely upon, the longer-term trend remains bullish due to rising geopolitical concerns (Iran/Saudi Arabia) as well as lower inventory data. Oil prices were higher Friday, with West Texas Intermediate futures trading over \$65, a nearly 2 percent gain. Gold, benefiting from fears about trade wars, rose 1.5% Friday to \$1,347 per ounce.

EZTracker provides three model portfolios for Envoy employees; Aggressive, Moderate and Conservative. Each is designed for different investment needs and styles as well as level of risk.

STEP 1: Update Current Investments

Current Subscribers:



Aggressive, Moderate & Conservative Portfolios:
There are no changes in any model portfolios for the coming month

New Subscribers:

Rebalance your 401k using the chart below for the portfolio you want to follow. Use "Rebalance my current balance" process.

EZTracker Model Portfolios	Ticker	Aggressive	Moderate	Conservative	Buy Date
Invesco Stable Value Trust or AA Federal Credit Union *		5%	32%	59%	8/28/17, 2/26/18
JPMCB Equity Index-CF		27%	21%	14%	8/28/17
Amercan Century Mid Cap Value -R6	AMDVX	5%	4%		8/28/17
TRP Mid Cap Growth	RPMGX	5%	4%	4%	8/28/17
Vanguard Small Cap Index-Inst	VSCIX	10%	7%	4%	8/28/17
Vanguard Total International Stock Index-Inst	VTSNX	20%	14%	7%	8/28/17
Oppenheimer Developing Markets	ODVIX	8%	6%	4%	8/28/17
TRP New Horizons	PRNHX	10%	6%	4%	10/30/17
JPMorgan Large Cap Growth-R6	JLGMX	10%	6%	4%	2/26/18

* Either allocation appropriate

Your individual percentages may vary somewhat from those indicated above.

STEP 2: Update Future Investment Elections

If you are adding cash to your 401k through payroll deductions, set your Future Contributions identical to your Current Investment in the above **EZTracker** Model Portfolio chart.

After you complete the necessary "Exchange" or "Rebalance", print a copy of your transactions, including your confirmation number. The Buy dates are the dates of the most recent purchase. In some cases, prior purchase may have been made. **Keep track of your Buy dates to comply with any trading restrictions.** If you make changes to your 401k, you will not see your newly updated portfolio until the next day. While your percentages may vary somewhat, make sure you have the correct funds and approximately these percentages.

Portfolio Management for the 401k

- Go to: <https://participant.empower-retirement.com/participant/#/login>
- Log in with your Username and Password
- Click "My Account" on the top
- In the left-hand column, click on "View/manage my investments"
- Click the blue tab (lower right corner) "Change my investments"
- Select the action you want to take: choose:
 - Current subscribers** should select "Change how my current balance is invested". This is the "Fund to Fund Transfer" method.
 - New subscribers** should select "Rebalance my current balance"
- Review your choices.
- Select "Submit".
- After updating your Current Investments, make sure you also update your Future Investments (Paycheck and Company Contributions).

Questions? Call Empower and tell them what percentages you want in each fund: 800-345-2345

Model Portfolios | March 25, 2018

All the model portfolios consist of core holdings representing major market segments, plus top performers based on current market conditions. Some market conditions may cause us to deviate from the following indicative percentages.



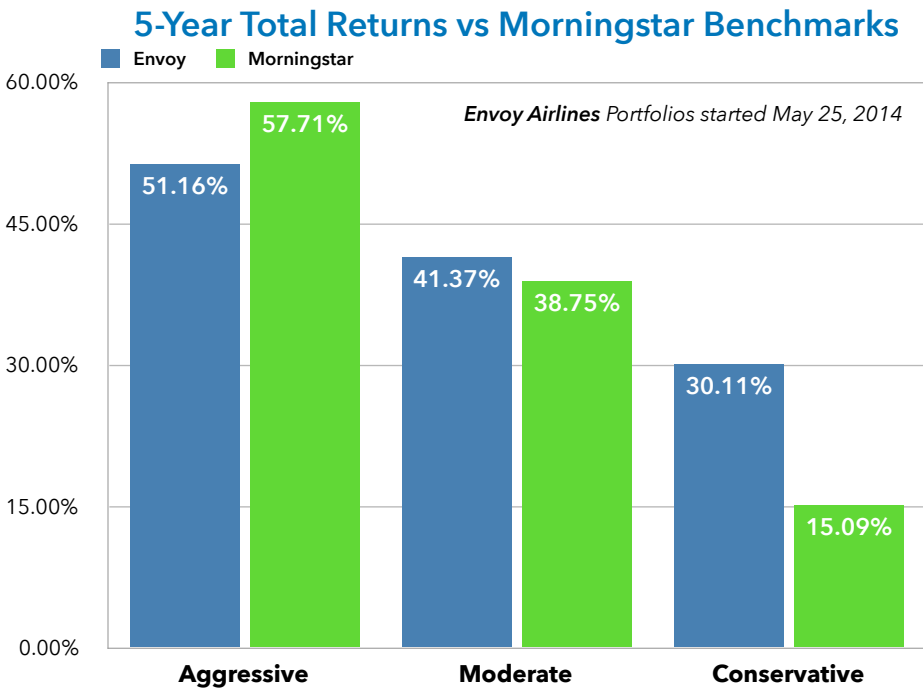
- Aggressive Portfolio:**
95-100% invested in equities. This is a high risk/high reward portfolio.
- Moderate Portfolio:**
70% invested in equities and 30% invested in bonds or the Credit Union or Stable Value Fund
- Conservative Portfolio:**
40% invested in equities and 60% invested in bonds or the Credit Union or Stable Value Fund. This is our lowest risk portfolio.

Which Portfolio is Right for You: Selecting the right portfolio is an individual decision based on your willingness and ability to take risk. Only you can decide. Planning your retirement is more important than ever. Your portfolio choice will vary based on age, retirement horizon, savings & expenses, pension & social security income, other investment assets, personality, and other factors. We believe you can take control of your 401k and plan for the retirement you envision. We've arranged for advisors at Friedenthal Financial to do a [COMPLIMENTARY RISK ASSESSMENT](#) for you. Or, you can take this [SHORT QUIZ](#) on your own that they've provided. No personal information is required for the quiz. Your privacy is protected.

Performance

The **EZTracker** methodology used for **Envoy Airlines** is the same methodology (investing in the best performing funds) we've used since we began publishing in 2002. It has consistently delivered superior long-term results. While past performance is no guarantee of future results, our past performance validates this long-term investing philosophy.

Current Performance Through March 25, 2018	YTD 2018	1-YEAR
EZTracker Aggressive	-1.36%	12.23%
EZTracker Moderate	-1.06%	8.98%
EZTracker Conservative	-0.12%	6.89%
Morningstar Benchmarks		
Aggressive Target Risk Index	-2.16%	13.18%
Moderate Target Risk Index	-0.89%	9.65%
Conservative Target Risk Index	-1.41%	3.69%
S&P 500	-3.19%	10.33%



Morningstar Target Risk Index

The Morningstar Target Risk Index series serve as benchmarks to help with investment selections. They cover a global set of stocks, bonds and commodities. While not investable indices, they represent challenging benchmarks for long-term investing plans such as the **EZTracker** model portfolios.

Historical Performance

Any investment strategy should be measured one way: Results over time. Not one-week, one-month, not even one-year. While past performance is not a guarantee of future performance, our record has been excellent in delivering long-term returns. As with any long-term investing strategy, you should not expect dramatic short-term results to offset past losses.

Annual % Total Returns

EZTracker Model Portfolios	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EZTracker Aggressive	0.59	39.49	18.13	12.19	17.10	9.29	-14.63	34.12	19.58	-0.44	7.18	29.77	4.87	0.49	1.56	19.11
EZTracker Moderate	1.30	27.40	13.47	9.91	13.40	8.52	-9.75	24.71	14.36	0.03	5.42	20.14	4.73	1.37	3.32	13.82
EZTracker Conservative	1.87	14.36	7.82	7.27	9.24	7.62	-3.80	13.89	7.30	0.11	3.58	12.54	4.42	1.72	2.48	9.91
Morningstar Benchmarks	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aggressive Target Risk Index								32.00	16.75	-3.60	16.07	24.53	5.23	-2.67	11.34	21.95
Moderate Target Risk Index								21.77	12.33	0.59	12.04	14.31	4.89	-1.79	8.57	14.66
Conservative Target Risk Index								9.56	7.07	4.38	7.36	2.97	3.38	-0.92	4.67	7.00

All data for the model portfolios and the market indices are based on total returns which include reinvestment of dividends. See the EZTracker website (www.eztracker401k.com) for historical data for all model portfolios.

Monthly Fund Data

Below is the current fund performance for the alternatives in the **Envoy Air** 401k plan. The “Tracker Average” is a weighted average of performance over the past year and is a key factor in selecting funds for inclusion in the model portfolios.

Fund	Fund Ticker	Total Returns				Tracker Average
		1 MO	3 MO	6 MO	12 MO	
TRP New Horizons	PRNHX	-0.16%	5.03%	11.56%	27.94%	24.20%
JPMorgan Large Cap Growth-R6	JLGMX	-4.37%	3.66%	13.37%	31.16%	23.91%
TRP Mid Cap Growth	RPMGX	-1.63%	2.44%	8.02%	19.93%	15.69%
Oppenheimer Developing Markets	ODVIX	-4.36%	2.74%	4.85%	23.57%	14.62%
American Funds EuroPacific Growth R6	RERGX	-4.20%	-0.07%	3.02%	19.40%	9.91%
Vanguard Small Cap Index-Inst	VSCIX	-2.71%	-2.06%	4.95%	12.14%	6.72%
Vanguard Total International Stock Index-Inst	VTSNX	-4.66%	-1.66%	1.98%	14.94%	5.78%
JPMCB Equity Index-CF		-5.64%	-3.11%	4.35%	12.32%	4.31%
JPMCB SmartRetirement 2060		-4.58%	-2.66%	2.70%	12.18%	4.17%
JPMCB SmartRetirement 2050		-4.59%	-2.76%	2.65%	12.30%	4.15%
JPMCB SmartRetirement 2040		-4.50%	-2.74%	2.62%	12.17%	4.13%
JPMCB SmartRetirement 2045		-4.59%	-2.79%	2.65%	12.27%	4.12%
JPMCB SmartRetirement 2030		-3.56%	-2.31%	2.22%	10.76%	3.87%
JPMCB SmartRetirement 2035		-4.13%	-2.57%	2.38%	11.41%	3.87%
JPMCB SmartRetirement 2055		-4.39%	-2.90%	2.19%	10.96%	3.20%
JPMCB SmartRetirement 2025		-3.05%	-2.18%	1.59%	8.96%	2.91%
JPMCB SmartRetirement 2020-C10		-2.42%	-1.84%	1.23%	7.72%	2.56%
Invesco Stable Value-III		0.17%	0.50%	1.00%	1.95%	1.98%
JPMCB SmartRetirement Income		-1.99%	-1.70%	0.73%	5.98%	1.65%
American Airlines Federal CU		0.13%	0.27%	0.54%	1.01%	1.06%
Wilmington Core Bond Class I1		0.13%	0.13%	0.13%	0.13%	0.28%
American Beacon Small Cap Value	AVFIX	-3.52%	-4.56%	2.11%	6.20%	0.13%
American Beacon Large Cap Value	AADEX	-6.10%	-5.33%	1.13%	8.61%	-0.92%
Amercan Century Mid Cap Value -R6	AMDVX	-4.41%	-4.28%	1.78%	4.71%	-1.20%
Vanguard Total Bond Market Index -Inst	VBTIX	0.19%	-1.53%	-1.77%	0.89%	-1.21%

Questions, Comments, Problems?

Let us know if you have any questions or suggestions. We're just a click away at contact@eztracker401k.com. Or call 201.503.6445. For help or answers about rebalancing or fund-to-fund transfers call 201.503.6571. The information and data contained herein are compiled from sources and procedures believed reliable, but accuracy cannot be guaranteed. EZTracker monitors fund performance and publishes a monthly newsletter. The publisher and owners disclaim any and all liability for losses that may be sustained as a result of using the data presented herein. Past performance is no assurance of future results. All investments involve risk. You should invest only after careful examination of fund prospectuses.

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